

JUST before Datuk Seri Dr Mahathir Mohamad was to be sworn in as Prime Minister of Malaysia he spoke at length to UPI correspondent Paul Wedel about future implementation of the New Economic Policy, his view of the role of laws such as the Societies Act, multi-racial politics, his own career and the banning of his book, "The Malay Dilemma".



Datuk Seri Dr Mahathir

## THE NEW ECONOMIC POLICY

Q. One of the key identifying policies of Umno and the Barisan in the 70s has been the New Economic Policy. The overall aim is to reduce what you once called "racial inequality." If that is true, how far along the road do you think Malaysia has come toward eliminating that racial inequality?

A. Strictly speaking it should be halfway through now, but I think we are slightly short of its target. But there is no doubt that we have made considerable progress. Where once the Malays for example were completely peasants, padi farmers and fishermen and some of them civil servants, now we have them in business to such an extent that there is a feeling of jealousy that some Malays have become rich. It must be remembered that the Malays who are rich are the same Malays who were poor before. And one of our intentions is to make the poor rich. So we shouldn't be worried that these people are becoming rich, unless we feel nobody should become rich, no Malays should become rich.

Q. To what extent is the Government willing to put pressure on foreign business interests to change the distribution of assets? Is it willing to sacrifice some growth? Is it an important enough political goal to sacrifice some economic goals for?

A. Well let's take it this way. If there are no conditions at all, the economic growth of Malaysia would be tremendous, even bigger than Singapore, because Singapore has no resources. But because we have these conditions obviously it acts as brake somewhat to the growth of the economy of the country. But we feel that the limitation to growth is worth the sacrifice because it will contribute toward stability, political stability. It is no good having very rapid economic growth which will only create disparity and political instability as we have seen in so many countries.

Q. To be a little bit more specific, I believe under the Fourth Malaysian Plan, foreign assets are slated to grow at about five per cent whereas in the past they have grown nine per cent per year. What mechanism can be used to make this change without seriously hurting growth? Can this be ac-

cent and give it to them would be to skew the whole thing in the wrong direction.

Q. If the Government has achieved an increasing percentage of bumiputra ownership by investment in Government corporation, in the next few years there may be some problems. The price of oil is probably not going up as much as the planners of the Fourth Malaysia Plan expected and at least for the next two years there will be no liquefied natural gas being sold yet. Will there be a squeeze on the money available for the Government to put into programmes?

A. We feel there will be some effect on our ability to reach the money target. On the other hand, if the price of oil does not go up, the world may recover from recession much more quickly. If the world recovers from recession then our other commodities will fetch better prices. Tin, rubber, palm oil.

Q. So while there may be a squeeze in the next year to two, you believe it should go up after that.

A. Yes.

Q. One more thing I want to ask about NEP is

## MULTI-RACIAL POLITICS:

Q. How would you compare the racial situation in Malaysia and the effort to overcome it, with that in the United States?

A. In the first place you have a minority problem and we have a majority problem. You see the people whom we want to integrate are actually the majority of the people. Another thing is that you can get away with it (discrimination) because there is no way the minority can impose its will on the majority. Here we have the majority and we just can't get away with it, unless you want to ignore the majority which we cannot. It is the majority which makes the policy. Suppose you have in the United States population in which 60 per cent are blacks, you would have the same problem that we have. It can be seen that racial problems in European countries are always more severe than in Asian countries.

Q. Why is that do you think?

A. I don't know but that's what is happening in England at the moment. Of course their feelings are much stronger. Here we are at least in Malaysia more subdued. Even the problem of Northern Ireland does not appear to have any solution. That is between whites and whites, and only differences are in religions. Here we have not only differences in race but also differences in religion, languages, culture and everything else, economic well-being.

Q. The recent Umno Ge-

some support in the party.

A. Well, a good decision is something acceptable to everyone concerned (laughs)

Q. For nearly 10 years Umno has been quite cohesive and has been able to resolve differences. But your partners in the Barisan Nasional have not been so fortunate. Is there anything that you can do to patch up some of these squabbles, for instance between Gerakan and MCA? Would you like to see more peaceful relations between them?

A. I would like to think that I could do something but that will have to be seen.

Q. Would it be true to say that MCA fits into Barisan a little better since it is a communally based party and Gerakan is a multi-racial party?

A. Gerakan is multi-racial but still it is predominantly Chinese.

Q. So you don't see any difference?

A. At the moment there isn't much difference.

Q. I would like to ask about the future of multi-racial parties. After the victory of multi-racial Berjaya party in Sabah, is there better future for multi-racial parties? Perhaps when some of the inequalities that exist now are removed.

A. Actually effectively there has been a multi-racial party operating in this country (the National Front). A normal coalition usually takes place after the election and it is a result of the election. In the case of Malaysia the coalition is something that is formed before the election and has lasted all this

**Q.** I understand that the target for the New Economic Policy is for ownership of corporate assets to be split 30 per cent for bumiputras, 40 per cent for non-bumiputras and 30 per cent for foreign investors, all by 1990.

**A.** I guess the non-bumiputras are about at the right point now. The problem is with the foreigners who have more than 47 per cent of corporate assets as opposed to bumiputras who have 12.5 per cent.

**Q.** How important is it for your Government to exactly meet the number target?

**A.** Well it will be as near as exact as possible. You know these things are not static and the fact that you may achieve these things in 1990 doesn't mean it will stay at that level forever. Even presently, as the number of non-bumiputra investment grows, the bumiputra percentage goes down because the whole becomes bigger... so this is a very mobile thing and needs to be monitored all the time. Additional assets will have to be put in to help the bumiputras if the economy grows at a much faster rate.

**Q.** So in fact you have the problem of success. If your economic policies are good and the economy grows quickly the bumiputras will have to go even faster just to keep up.

**A.** That's right, exactly.

hieved?

**A.** Well, we feel it can be achieved. The Government is participating more in the economy, for example, in the heavy industry which requires very big capital investment and that will take up the percentage of growth. That is no longer that of the foreign sector.

**Q.** Some foreign businessmen say they would feel more comfortable with a change from the target of 30-40-30 to regulations that would give 50 or maybe 55 per cent of new corporate assets to bumiputras and leave 45 to the foreigners eliminating the non-bumiputras. How could you react to something like that?

**A.** Well that is entirely possible, depending upon the individual case. This 30-40-30 is not a ratio that we apply to every industry or every enterprise. It is only the total overall average. In order to have the overall average you can have any combination. There may be some where you can have 100 per cent foreign ownership. On the other hand there will be others where you will have 100 per cent Malay ownership. So any combination between those two extremes we can have depending on our achievement rate. For example, if the non-bumiputras have already achieved their 40 per cent then to take from the new industries 40 per

that you said it was on a flexible case by case basis. Businessmen for the most part are grateful for this but the uncertainty can increase their costs of business. Have you taken note of this? Is this something you would like to work on in the administrative procedures to make it more calculable what the effects of the NEP will be on any particular venture?

**A.** Well, if we are going to have a policy then you have a choice of being either flexible or rigid. I am quite sure businessmen would not like a very rigid implementation of any policy. So I think they should be happy with a flexible policy. On the other hand if there is no policy at all they (bureaucrats) could do just what they like to the businessmen. What is important is that all businessmen appreciate that nowhere can they do business without some form of restriction, not even in their own countries. What we see here is that we are very predictable, that you have a number of assets in this country you can make use of. It is stable economically and politically, it has a reasonably efficient administration that is willing to discuss things instead of just knocking you on the head. When you come to see us we will talk about it. Certainly there is much more welcome to businessmen than being very rigid about the policy.

neral Assembly must have been quite satisfying to you not just because they selected you president but because some very real competition for power in the party was resolved in an open, democratic and remarkably friendly way. You said recently that Tengku Razaleigh Hamzah would be welcome to join your Cabinet. Have you been successful in fact in convincing him to join?

**A.** I have spoken to him and he has not given his final reply.

**Q.** But it should come this week shouldn't it? Are you confident? Are you hopeful?

**A.** (Laughs)

**Q.** How important is he do you think to the Government?

**A.** I think he is a very good technocrat and he would be certainly useful.

**Q.** The other question that remain from the Umno assembly is the status of Datuk Harun Idris. What outcome would you like to see for his appeal against the regulation preventing him from taking office?

**A.** I can't anticipate that because that will be up to the King who would have to decide. But of course the King will be advised. Nevertheless the final decision will be his.

**Q.** What do you think a good outcome would be to this? He obviously has

while. So it is not the kind of coalition that normally happens and because it does function as a party, in effect a multi-racial party. The only difference is that each race is able to fall back on its own strength within its own party and the bargaining would happen much earlier and certain things are accepted before they begin to have the power to govern. So in effect there is already a multi-racial party.

**Q.** Do you anticipate the institutionalisation of this kind of relationship where the party-to-party within Barisan become firmer until its formally a single multi-racial party.

**A.** Well, I think it has been institutionalised over the years. Practically all the component parties, when they have their annual general meeting, the opening ceremony is performed by the leader of Barisan who also happens to be the president of Umno. And this is an acceptable practise. So to a certain extent it will seep in and become institutionalised. So first we remain separate to give a sense of security to the members.

## THE ROLE OF LAW:

**Q.** It is my impression in recent years there has been a trend in Malaysia away from recourse to the courts. A lot of decision

making and resolution of conflicts and determining of action within society has been shifted by laws such as the labour and societies laws into the bureaucracy. The Societies Act does that, the Internal Security Act does that. No longer do people have recourse to the court in many cases. What do you think of this trend? Does it disturb you at all or is it something actually beneficial to the country.

A. The Government in a developing country must be able to move quickly and very certainly. But recourse to the court is still available under the Constitution. If there is a question of interpretation of the law that crops up, then they can still go to the court. So this is merely to facilitate administration.

Q. But the Societies Act has drawn quite vocal dissent from some portions of society. Does that bother you at all? Do you see any point in their complaints and perhaps be willing to compromise?

A. I don't see why, because up to now nothing has happened. One of the other pieces of legislation people used to complain about is the Universities and University Colleges Act. This has not in any way affected the students. They accept that they are not that many demonstrations and disruptions. Most of the students are quite happy and they are among my supporters. If they think it is all that bad I don't think they would be supporting us.

Q. If these Acts haven't done anything, then why do you need them?

A. Well, this is a very interesting question. For example some people feel that the death penalty is not in keeping with the times because over the time that they have had the death penalty it acted as such a good deterrent that not many people would do something that may cause them to face this death penalty. Once it is no longer a deterrent it come back and now you have a situation where a man kills 13 women and he gets away with a light sentence in jail. This is not going to be very good for women in general. The same thing with other laws. The laws, when they are there, remind people there are things they shouldn't do. Once you remove the law then there is a no longer any reminder or any deterrent and people will do the things they shouldn't do.

Q. Perhaps what worries people is that although the present Government may well be able to administer tough laws with flexibility, there may be a weapon set up that could be used by people who are not so flexible sometime in the future.

A. Well, it could be used that way. On the other hand the other side is also true that people would not do anything that would cause the Government to become less flexible. For example we are flexible now, but if we find our flexibility is being tested then

we will become more rigid. Actually this is an interplay between the people who enforce the law and the people who are subject to the law. If people who are subject to the law have utter disregard for the law then the law will be applied as strongly as possible in order to have the most effect. But if people, remembering there is a law, are less prone to breaking the law then the Government can be flexible. This is something that waxes and wanes between the two parties.

Q. This is somewhat of a different conception of law than is taught in Western countries. At one point of your political career you were labelled as an ultra. You have said this is a misunderstanding. I was wondering if it's not so much that you were misunderstood, but perhaps that your ideas were too advanced for the time and now Malaysia has changed and come around to some of your ideas since then. What may have been ultra in 1969 is now accepted.

A. Well, that's one way of looking at it certainly. Maybe at that time people in this country who were used to seeing the Malays for example as peasants suddenly wanting to move into an area where they have no place before, that was rather presumptuous of them. This somewhat like the evolution of society in the West. At one time the idea that workers have rights were unacceptable. But now workers have more rights than their em-

ployers. (laughs...) Which maybe good or bad, I don't know. But it is not our intention to see that the Malays have all the rights and nobody else has a place in this country. It is merely our desire to see what is fair for them to have. That's all that I ask.

Q. Do you think your views have changed much or have they only been vindicated?

A. I would like to think that people have come around to my views rather than I have come around to their views, (chuckles).

Q. Do you think your book "The Malay Dilemma" will continue to be banned.

A. It would seem rather odd... (laughs). I would have to think about it.

Q. So in effect you stand by your views, if not perhaps exactly word for word as in the book.

A. Well, as a matter of fact, I was told by the people who planned the New Economic Policy that they used the books as the basis. (laughs)...

Q. How did they get it?

A. Being in the government they could. The Government did order a number of copies during the time of Tun Razak.

Q. Are you still receiving royalties from the book.

A. Yes, I am. It is selling very well.

Q. And it will probably sell even better once you are Prime Minister.

A. That's right and it's already in its fourth printing. (both laugh) — UPI.

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