

Malaysia has started to make adjustments: PM

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MALAYSIA realises there is no future in commodities and has thus started to realign and adjust itself in a world economy that has "gone haywire". The new direction for the Malaysian economy has been set and it is being implemented now.

Prime Minister Datuk Seri Dr Mahathir Mohamad said commodity prices "will never regain" high levels previously as there is "going to be an oversupply of commodities for a long time to come and it will be a buyers' market".

In an interview with London-based Euromoney, Dr Mahathir said in view of these developments the country will have to move into industry and find a "niche for ourselves there".

He said new technologies introduced by developed countries have caused increased production of all commodities and these technologies have also reduced the consumption of commodities considerably.

But while the Malaysian economy is being realigned and adjusted, the agricultural sector is not being neglected. "We are encouraging all kinds of food production which we are capable of producing but never really bothered about because we were making so much more out of palm oil, rubber and cocoa," he added.

Dr Mahathir said the national car project was chosen for the "drive into industry" as it has a lot of spin-off effects; there are so many products involved.

However, he added, one problem is that "we do not have economies of scale. We were constantly told that if you want a viable car industry you must produce 20,000 cars. As soon as our market reached that level they said new

By HARDEV KAUR

technology required a production volume of 50,000 cars. When we reached that, they said we needed to produce 100,000 cars. We have to start somewhere".

Dr Mahathir reiterated that the project was started at a time when "we were doing extremely well in commodities. We had a lot of money and it seemed the right thing to invest the proceeds in the car."

Now, with the car market having shrunk due to recession, there is a problem with so many car assemblers. "The time has come to rationalise," he said.

On the NEP, he said Malaysia's priority for the moment is to enlarge the national pie rather than "worry about sharing it out". He stressed that at the moment Malaysia is more concerned with job opportunities and their creation because of the loss of employment due to the fall in commodity prices.

Dr Mahathir said the country had been prosperous in the past but unfortunately because of the fall in commodity prices, the Malaysian economy has been badly affected. He told the influential business publication: "My task is to try and revive the economy."

The Prime Minister stressed that the NEP objectives remain the same. He explained that "we want to see as many Malays as there are Chinese in every field. We try to train and motivate every Malay to go out and achieve. We acquire more companies." †

Dr Mahathir hastened to add that "we have learnt our lesson in acquiring plantations and mines — that there are companies which look good at one point in time but not at another. Even banks suffer from the same malaise."

On the achievements of the NEP, he said the Malays have not yet (succeeded) in gaining parity but their position has improved. He pointed out that with the special attention given them and the funds allocated, their lot has improved.

"At the same time, we feel that the Malays should not feel the NEP is a pair of crutches," he added.

Dr Mahathir also touched on various other issues, including Islamisation, Malaysia's attempts to help prop up the tin market, the lessons learned from the "BMF affair" and the kind of leadership that is required.

He said the country is "controlled" by outside forces and "we ... have to live within the changes they impose. We need, therefore, a prime minister who does not just look inwards but also outwards".

Dr Mahathir stressed it is a written policy that foreign investments will not be subject to local ownership requirements — it is written in the conditions. "Look at our record. We have not gone back on our word."

He said foreign investments have a "big role" as Malaysia does not have the expertise at the moment. "If we try to go it alone, buying patents and licences, we won't be able to keep up with rapid changes in technology. We need foreign firms with their back-up in research and development."