

Malaysia Inc plans

NST 22 DEC 1988

being blocked: PM

KUALA LUMPUR, Wed. — The Malaysia Incorporated policy has suffered setbacks, Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight.

He said the eight-year old policy, meant to forge closer ties between the Government and private sector, was not proceeding smoothly due to accusations that the Government practised nepotism and corruption.

This made the Government "afraid to work closely" with the private sector.

"If a certain company gets a Government contract, critics will say it was due to the support given by that company. But

if it fails to get the contract the same critics would say it did not give any bribe," he said at a dinner organised by the National Malay Chambers of Commerce and Industry at Shangri-La Hotel.

"Unfortunately, if the same critics happen to get a contract, then there will be another round of accusations of corruption. This is why close relationships can't be forged with private companies.

"Our intention may be good but it is certainly difficult to implement the policy."

Dr Mahathir said the policy meant that the Government li-

terally owned shares in all private firms through the gains derived from the 35 per cent corporate tax.

That was why the Government wanted to help the firms perform better.

'Enemies'

Such views were previously unacceptable, and at one time the Government and private sector were even "enemies", he added.

"We have long since dispelled such views but the accusations have not helped the relationship improve."

Dr Mahathir asked critics to furnish proof of their allegations although he admitted that the Government was not "100 per cent clean".

He said baseless allegations could still hurt the private sector, particularly when the Government policy was to help any company regardless of its racial composition.

He cited the scandal that rocked 20 co-operative societies and the subsequent Government bail-out.

"We channeled a huge amount of money for the bail-out and even gave \$450 million to one co-operative. The total

amount given was more than the \$500 million allocated to help Bumiputera co-operatives.

"We try to show that we are just and not racially biased but such efforts seem to be unappreciated."