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KUALA LUMPUR, JAN 19 (BERNAMA) - DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY A REALISTIC APPROACH SHOULD BE TAKEN IN THE FORMULATION OF A NEW POLICY TO REPLACE THE NEW ECONOMIC POLICY (NEP) WHICH ENDS NEXT YEAR.

THE GOVERNMENT, HE SAID, WAS NOW AWARE THE OBJECTIVES OF THE NEP TO ERADICATE POVERTY AND RESTRUCTURE SOCIETY WERE OVER-OPTIMISTIC.

THE PRIME MINISTER SAID THIS IN A SPEECH AT THE LAUNCHING OF THE POST-1990 NATIONAL ECONOMIC CONSULTATIVE COUNCIL (NECC) AT THE PUTRA WORLD TRADE CENTRE HERE. THE SPEECH WAS READ OUT BY DEPUTY PRIME MINISTER SHAFAR BADA.

THE 150-MEMBER NECC WILL HELP DRAFT THE POST-1990 NATIONAL ECONOMIC POLICY.

DATUK SERI DR MAHATHIR SAID THE NEP, FORMULATED AFTER THE 1969 RACIAL RIOTS, WAS A "SOCIO-ECONOMIC ENGINEERING PROGRAMME THAT HAD NEVER BEEN TRIED OUT BY ANY COUNTRY."

"THE NEP WHICH WE CREATED WAS TOO AMBITIOUS," HE SAID.

"WE THOUGHT WE COULD ERADICATE POVERTY AND BRING ABOUT A BALANCE IN THE ECONOMIC POSITION OF THE VARIOUS RACES WITHOUT AFFECTING NATIONAL PROGRESS WITHIN A 20-YEAR PERIOD." MORE
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THE PRIME MINISTER SAID IT WAS NOT REALISTIC TO ERADICATE POVERTY.

POVERTY STILL EXISTED IN WEALTHY COUNTRIES LIKE THE UNITED STATES, JAPAN AND IN EUROPE WHERE MANY PEOPLE STILL DEPENDED ON THE DOLE TO SURVIVE.

THE COMMUNIST AND SOCIALIST SYSTEMS ALSO HAD NOT SUCCEEDED IN ERADICATING POVERTY AND AS A RESULT, SEVERAL OF THEIR PRINCIPLES HAD TO BE REVISED AND EVEN DROPPED.

"THE TRUTH IS THAT WE CAN ONLY REDUCE POVERTY TO A LEVEL WHERE FAMINE AND STARVATION, AS HAD HAPPENED IN SEVERAL COUNTRIES, DO NOT OCCUR," HE SAID.

"THROUGH THE HARD WORK OF THE PEOPLE AND A RESPONSIBLE ADMINISTRATION, POVERTY CAN BE REDUCED, ALTHOUGH RELATIVE POVERTY WILL STILL EXIST."

EVEN THOUGH HUNDREDS OF FIRMS WERE SET UP WITH CAPITAL PROVIDED BY THE GOVERNMENT TO BOOST DOMESTIC EQUITY IN THE CORPORATE SECTOR AS PART OF EFFORTS TO ACHIEVE THE NEP'S SECOND OBJECTIVE OF RESTRUCTURING THE SOCIETY, THE ATTAINMENT WAS ONLY ABOUT 20 PERCENT, HE SAID.

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