

Mahathir on why the NEP failed partially

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KUALA LUMPUR, Mon. — Datuk Seri Dr Mahathir Mohamad said the New Economic Policy (NEP) has "partially failed" because it has been used as a convenience and not a policy.

Both bumiputras and non-bumiputras regard the NEP not as an instrument of social and economic en-

gineering but as a means to get rich, the Prime Minister said. He said the bumiputra participation in the NEP stopped at getting licences and contracts, and selling them to non-bumiputras.

"Having received a return on this sale, they had nothing more to do with the

actual business. Instead, they demanded for more licences and more contracts."

The non-bumiputras on their part were only too happy to be freed from bumiputra active participation once the licences or contracts were obtained, he added

"They were happy merely to use bumiputra names and front men whose roles were very limited," Dr Mahathir said when opening the 10th convention of the Malaysian Economic Association here. The Prime Minister said there were bumiputras who actively participated but

they were the exception rather than the rule. "The net result is a continuing serious weakness among the bumiputras in business, particularly in project implementation and management. Their poor performances have caused massive losses to the Government brought by delays

and sometimes total failure to carry out contracts and other commitments," Dr Mahathir said.

He said if the disparity problem was to be solved, both the bumiputras and the non-bumiputras must help in making bumiputras

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better businessmen.

The bumiputras must participate and the non-bumiputras must insist that the bumiputras participate meaningfully in the management of companies and projects after they had obtained the licences or contracts, he said.

"Indeed, even if they do not get the government contracts or licences for the companies they should be employed and put to work to contribute meaningfully to their keep," Dr Mahathir said.

He said the Government

would insist on evidence that bumiputras were making positive contributions before helping them with licences and contracts.

Dr Mahathir said that only 66 per cent of the NEP target for wealth distribution to the bumiputras had been met.

He said that while they could be at fault themselves for not fulfilling the expectations, other factors outside their control were also responsible.

Dr Mahathir said it was not necessary for the bumiputras to harp on achieving a 100 per cent success in their target.

and if they made up only a minority in a business but their contribution was positive, the Government would view it favourably, he said.

While the goal of the 30 per cent share of the economy for bumiputras was important, Dr Mahathir said it was more important for them to have the skill to manage their new wealth.

"This, to my mind, is the area that all must focus on in the post-1990 period," he said.

Dr Mahathir said the recent recession made nearly

all of them bankrupt and those that were not were heavily in debt.

On critics of the NEP, Dr Mahathir said they had ignored the results the NEP had achieved in reducing poverty and correcting imbalances among the races.

He said the critics chose, instead, to denounce the NEP as a failure and held it responsible for all sorts of problems and difficulties faced by the country in recent years.

He added that there were others who contended that the NEP had come close to achieving its objectives

and therefore, there was no more use for it.

Dr Mahathir such "shallow thinking" stemmed from the notion that the political stability in the country had no bearing to the achievements of the NEP.

The stability during the NEP period was such that economic growth was higher during the NEP years than before the policy was formulated, he said.

In less than 20 years the NEP had succeeded in reducing poverty among nearly 50 per cent of all households in 1970 to less than 20 per cent last year, he added.