

PM on preparing the nation for post-1990 period'

Working together for greater growth

By Nor Hawa Yunus

HUALA LUMPUR, Mon. — The Prime Minister today called for joint efforts by the Government, business and labour for a strong economic foundation so that the country can maintain its global competitiveness in the post-1990 period.

He said it was imperative that the Government, business and labour — a triumvirate dedicated to national development in the interest of all three — work together towards promoting the national cost advantage.

“Confrontation as a solution to the problem of human relations has been proven to be not only ineffective but actually destructive,” said **Datuk Seri Dr Mahathir Mohamad** when opening the 10th convention of the Malaysian Economic Association.

Therefore, everyone must contribute positively towards the development of the nation and to ensure that “the size of the cake grows bigger so that we have more to distribute”.

“Our ultimate objective remains the fostering of national unity, through balanced and dynamic growth,” he said.

As the nation's growth depended very much

a dynamic private sector, the Government has striven to provide the preconditions and stimuli for growth and will continue to do so.

He said regardless of the scenario for the world economy in the post-1990 period, Malaysia's ability to forge ahead and to increase the size of the economic cake would depend on how the country's entrepreneurs identify and seize a share of the world trade.

The convention, with the theme *Malaysian economy beyond 1990: An international and domestic perspective*, is aimed at providing an open forum for the frank exchange of ideas among economists on key issues.

On labour, the Prime Minister said the idea that

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only a show of strength could win better compensation was questionable. He said wages in countries where such an approach was not possible had risen higher than in countries where labour unions were powerful.

“It is imperative that a new *modus vivendi* be developed between labour and management.”

He said labour-management councils within companies must be set up, tasked not only with

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workers' welfare but also the well-being of the whole organisation.

"It must always be remembered that an organisation that fails can bring no benefit to labour or to anyone else."

Dr Mahathir also said the post-1990 economic policy would continue to ensure that private initiative can firmly assume the role as the principal engine of growth while the role of the Government would be downgraded.

He said this would mean the Government would continue to adopt a liberal approach in implementing its development policies, particularly those on equity ownership.

He believed the approach would enable the economy to generate the growth in employment and incomes needed to achieve the objectives of reducing poverty and restructuring society.

Dr Mahathir, however, stressed that a certain degree of Government intervention would continue to redress the inequalities in the economy.

He said it would be unrealistic to rely entirely on the market mechanism as the main avenue for dealing with these problems and the Government would intervene where necessary to assist the less fortunate.

The Prime Minister said while the goal of a 30 per cent share of the economy

for Bumiputeras was important. "it was much more important for them to have the skills to manage their new wealth".

He said one of the reasons for the partial failure of the New Economic Policy was its use as a convenience and not as a policy.

"Both Bumiputeras and non-Bumiputeras regard the NEP not as an instrument of social and economic engineering but as a means to get rich quick."

Dr Mahathir said Bumiputeras often invoked the NEP in order to get licences and contracts from the Government but their participation ended there.

They sold the licences

and contracts to the non-Bumiputeras and Dr Mahathir noted that the non-Bumiputeras for their part were only "too happy to be freed from Bumiputera active participation once the contracts were obtained".

The Prime Minister said while it was true there were Bumiputeras who actively participated, he lamented that they were the exceptions rather than the rule.

He also said the NEP had been interpreted by both the Bumiputeras and non-Bumiputeras as an exercise in pure wealth distribution and added that wealth in the hands of those unable to manage it would not last.

"The more important thing is the build-up of management skill in business. With management skills, even limited wealth can be made to last and grow. Without it wealth is soon dissipated. This is what happened with Bumiputera individuals during the NEP," he added.

In his speech, Dr Mahathir also touched on several aspects of economic global competition, the increasing polarisation of major economic blocs, the country's current economic expansion, the achievements of the NEP and the post-1990 economic policy.

The three-day convention is being attended by about 200 participants.