

Dr M: Why Malaysia needs to be competitive

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By Ahmad A. Talib

KUALA LUMPUR, Mon. — Malaysia cannot run away from competition because of the changing international economic environment, Datuk Seri Dr Mahathir Mohamad said.

The Prime Minister said competition among nations in the economic sector was necessary because this would involve higher productivity, which in return could be translated into a better quality of life for the people.

Interviewed in a special programme, *Conversation with the Prime Minister*, over RTM tonight, he said: "There is no way we can avoid competition. In the good old days countries could control their domestic economy completely by limiting interaction with other countries.

"We cannot be isolationist now. The world is interdependent. To grow we have to trade, and to trade we have to be competitive, and therefore we have to continually stress competition, higher productivity.

"We have to insist that we react not by becoming

more protective but by looking more outwards. How do we overcome an increase in the value of the ringgit, for example? To do so, of course, we have to do things that will make us more productive.

"And it is possible. It has been shown over and over again that there is no limit to productivity, human productivity."

When asked how protection could be reconciled with the desire to promote competition, especially when protection may inhibit the competitive spirit, the Prime Minister said: "Competition to a certain extent is good but a free-for-all is not good. No economy in the world can extend a free-for-all."

Dr Mahathir then used the car industry to illustrate his point. "The moment you say cars should be assembled in Malaysia, with a small market, the cost is going to be higher than if we just import completely-built-up cars.

"So we say that if you want to assemble, okay, we

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Good to compete within limits, says PM

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will provide you with some protection. When you provide protection you will be going against competition.

"On the other hand if you want to go into competition completely, than we will never have a motorcar assembly industry in this country, much less manufacturing of cars in this country.

"So to that extent we have to accept that although there is competition there has to be initial protection but it should not be forever."

The Prime Minister was asked how this problem of protection and competition could be balanced.

He responded: "There is no hard-and-fast rule. There is no way we can say, well, the moment we achieve this we terminate all protection. There will be a lot of haggling and bargaining in the process, but we have been able to reduce (protection) as you can see.

"We reduced taxes on imports in the last Budget quite considerably. And while people have felt more vulnerable they have to a certain extent adjusted themselves."

He agreed with a panelist that competition needs progressive liberalisation of the Malaysian economy. He added that this was already being done but said that "we have to be judicious".

He added: "We have to make a really good assessment. If we are going too far ahead, we may bring the whole process to a halt. Of course, no decision is perfect and there will be people who will say that is too much or too little but we have to make a decision sometime."