

# Dr M on factors behind strong growth

By Vijayan Menon

KUALA LUMPUR, Thurs. — The remarkable performance of the Malaysian economy in the past seven years with real Gross Domestic Product (GDP) exceeding eight per cent each year is not by accident, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said this strong growth was mainly attributable to the continued strong performance of the private sector in manufacturing, construction and services coupled with the strong public/private sector co-operation under the Malaysia Incorporated concept.

He said the success of the Malaysian economy was also due to the Government's fiscal policies.

"The Malaysian Government has assisted businessmen through continued tax reforms involving income tax cuts as well as selective fiscal incentives to promote productive investments in new areas," he said when

**MAHATHIR-MANIA  
SWEEPS CORPORATE  
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launching the Japanese version of the book, *Malaysia Incorporated*, at the Putra World Trade Centre here.

LimKokWing Integrated first launched the original English version of the book in Malaysia in September. Mitsui & Co Ltd was responsible for producing the Japanese version.

Dr Mahathir said that in the first half of this year, real GDP actually strengthened to 9.6 per cent compared with a projected 8.5 per cent and 9.2 per cent in 1994.

"Contribution towards growth through government spending is relatively small. In addition, the inflation rate remains uniformly low and was 3.5 per cent for the first eight months of the year compared to 3.7 per cent in 1994."

Dr Mahathir said the Malaysia Incorporated policy reflected the pro-private sector stance of the Government in managing the economy.

"The policy, like other policies of the Malaysian Government, has proven to be beneficial to all individuals and corporate citizens in the country."

Dr Mahathir said the idea of Malaysia Incorporated was based on the 'Japan Incorporated' which was a close collaboration between the Japanese private sector and the government bureaucracy.

"The international media saw such collaboration as unethical and unhealthy. We do not see why such collaboration aimed at developing a country and its people should be bad."

He said basically, the Malaysia Incorporated Policy was based on the belief and conviction that the economic growth and overall development of the country could be facilitated by the close co-operation between the

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## Success so far partly because of Malaysia Inc

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private and public sectors.

The Malaysia Incorporated concept symbolises the commitment of both the public and private sectors to work together towards mobilising all their resources for the growth of all sectors of the economy.

"To achieve this, the Government initiates yearly dialogues with relevant leaders of the private sector including foreign elements, to obtain feedback regarding impediments, bottlenecks or constraints the private sector may be faced with in running their businesses.

"Through these sessions, the Government is able to identify and fine-tune its policies, particularly the macro-economic policies, with a view towards making the environment more conducive for business development and success."

Of course, he said, civil servants were expected to be helpful always when dealing with the private sector.

Dr Mahathir said this public-private sector co-operation was important because it created an atmosphere of trust and accessibility between the two sectors and built confidence without which investment decisions could not be easily made.

The Malaysian Government acknowledges that the more prosperous the private sector, the more revenue the Government will collect. In addition, a vibrant and expanding private sec-

tor will create jobs, increase income all round and help stabilise the social and political climate.

"Certainly the economy benefits as evidenced by Malaysia's high growth," he added.

Clearly, the Prime Minister said, public sector collaboration was not altruistic as it was self-serving for both sides to a considerable extent.

He said 30 per cent of the profits of the private sector went towards paying Government taxes and the bigger the profit, the bigger would be the tax.

"The people gain through Government development spending made possible by the bigger revenue collected."

Dr Mahathir said apart from the macro-economic policies and those directed at easing supply constraints, administrative measures had been undertaken to curb unethical trading practices as well as enhance supply.

He added as a corollary to the Malaysia Incorporated Policy, the Government introduced the privatisation policy.

Its implementation, he said, led to some 168 projects including the North-South Highway, power generation and distribution and telecommunication.

"With the implementation of this policy, the Government has been able to improve the efficiency and productivity of almost all of the entities that were privatised."