

01/08/1998

Putting Plan's policy aims into action is the real test

Tan Sri Ramon Navaratnam

IT is reassuring that the National Economic Recovery Plan has finally been made public. Congratulations are due to Special Functions Minister Tun Daim Zainuddin and his able team.

Public confidence has been raised by Prime Minister Datuk Seri Dr Mahathir Mohamad's announcement that his Cabinet has decided to accept all the NERP's recommendations.

Hopes and expectations have now been strengthened that Malaysia will move more steadily out of recession toward economic recovery by end 1999.

However, the public will not be whole-heartedly enthusiastic about these new proposals for economic recovery until they see real action for change, growth and stability.

Many of these NERP policies are general aims and aspirations at this stage. The question is what are specific measures and how much will be effectively implemented.

How long will it take and how good will these proposals be, to pull us out from the recession to recovery?

The real test of the pudding will be in the eating. We will need to do much more homework to put these policy aims into action. That takes time and gives cause for concern.

The NERP's most positive radical recommendation has been to allow 51 per cent foreign ownership in the manufacturing sector, for approvals given up to Dec 31, 1999.

This move is most welcome as it will attract more foreign direct investment into the country. It will also placate foreign investors and raise their confidence, as they have been eager to open up the Malaysian economy for their own benefit.

But, we may have to extend the deadline, if insufficient foreign investment is forthcoming during this short duration of about 17 months.

However, the glaring omissions in the NERP have been the neglect in the revision of the Industrial Co-ordination Act.

The present ceiling of RM2.5 million could have been raised to at least RM5 million, to enable a non-Bumiputera family and small business to expand, without having to restructure and sell 30 per cent of their share capital to Bumiputeras.

This omission would continue to restrain and depress the small- and medium-scale industries, which constitute the backbone of our domestic manufacturing sector.

The other omission is the absence of any proposal to reform the civil service. Thus, an important opportunity has been lost to make the civil service even more effective in actually implementing the many good proposals of the NEAC.