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Dr M: NEP stays no matter what others may think

Hardev Kaur in Victoria Falls (Zimbabwe)

VICTORIA FALLS (Zimbabwe), Mon: Malaysia will not give up the New Economic Policy (NEP) "simply because the International Monetary Fund (IMF) and the Western media think we should".

"The country will continue to grow with equity by adhering to the NEP objectives especially since the Government, with its unorthodox policies, has been able to defeat the attempt to destroy our economy and political independence by devaluing our currency and impoverishing us," Prime Minister Datuk Seri Dr Mahathir Mohamad said.

"Now we have to start all over again and it is not going to be easy," he said in a dinner speech on "Malaysia's experience in managing economic recovery while safeguarding the socio-economic responsibilities" on the first day of the Third Southern Africa International Dialogue (SAID '99) here.

The Asian economic turmoil precipitated by currency speculators and stock market manipulators destroyed much of Malaysia's achievement in correcting the imbalance in the economic well-being of its multi-racial population.

And if the economy is not resuscitated quickly and put back on the growth path, racial antagonism would return and Malaysia will become politically unstable, in turn jeopardising economic revival, Dr Mahathir warned.

"While everyone was hit by the downturn, the indigenous businessmen were hit most badly. The big corporations they had successfully set up were unable to withstand the burden of debts they carried.

"They were forced to sell off to the non-indigenous people and this of course undid much of the redistribution (of the means to create wealth) we had achieved.

"The indigenous middle-class practically disappeared. And once again, we find the indigenous people only among the low-paid workers, hawkers and petty traders."

Speaking at length on the Malaysian economy, its ethnic and religious composition, the destruction caused by the recent financial crisis and the policies adopted for recovery and continued development, Dr Mahathir said most of the indicators for the economy are now positive.

Even so, the NEP and the country's "action has been labelled as cronyism".

To Malaysia's foreign detractors, affirmative action only benefits the family and friends of members of the Government, in particular the Prime Minister, he said.

The Western media, the IMF and other agencies in the West continued to allege that the NEP benefits only the rich friends and families of government members, despite the Government's repeated explanations and the offer of data to show otherwise.

In truth, the NEP benefits every single indigenous people and a fair number of non-indigenous people in the country.

Obviously the policy "cannot make everyone of these deprived people millionaires. They benefit according to their own capability," the Prime Minister said.

Opportunities are created by the Government for all but not everyone would be able to avail themselves of and profit from them, he added.

"Those who succeeded were regarded as cronies and families of the

Government members. Even members and strong well-known supporters of the Opposition were regarded as cronies or families of the Government members if they succeed. If they fail, then they are not."

Because affirmative action has produced very successful and therefore very rich indigenous businessmen, the foreigners demand that affirmative action be stopped.

The real reason behind the call to end affirmative action is that most of the highly profitable privatized projects went to Malaysian entrepreneurs.

"This policy cuts off the foreigners from getting the privatized projects for themselves. And these are areas which they are particularly interested in as they aim to monopolise them worldwide."

The impoverishment and consequent submission of the country to the IMF would have provided the foreign companies with this opportunity. But the Malaysian Government has not submitted to the IMF.

"We are under no obligation to jettison our New Economic Policy, our affirmative action programme."

Dr Mahathir told the participants from the Southern African countries that in Malaysia, affirmative action has worked so well that racial tension was practically eliminated and Malaysians enjoyed almost three decades of stability and economic growth.

So successful was the handling of race relations that even the recent recession caused by the currency's devaluation and collapse of the share market failed to spark racial clashes as they did elsewhere in South-East Asia.

The Prime Minister also spoke on the various measures taken by the Government to address the currency crisis and the rationale for the unorthodox selective capital control measures.

For the IMF, affirmative action, the active Government intervention in the distribution of economic wealth is unacceptable. The economy must be completely free of government interference, and furthermore it must be open to total and unrestricted foreign participation, he said.

The result would be to deprive the indigenous people, in particular, of their share in the business sector and the wealth accruing from it.

Malaysia therefore has to devise its own solution to eradicate poverty among all races and eliminate the identification of race with economic function.

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