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PM: We will continue with successful formula

Hardev Kaur in Victoria Falls, Zimbabwe

MALAYSIA will continue with the formula which has been successful in achieving growth with equality, and the Government is not about to "give up this formula simply because the International Monetary Fund and the Western media think we should".

Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia could now "continue to grow with equality by adhering to the New Economic Policy 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".

In a dinner speech to participants on the first day of the Third Southern Africa International Dialogue (SAID '99), Dr Mahathir said: "Now we have to start all over again and it is not going to be easy."

The theme of the speech was "Malaysia's experience in managing economic recovery while safeguarding the socio-economic responsibilities".

The economic turmoil, precipitated by the currency traders and stock market manipulators, destroyed much of the achievement in correcting the imbalance between the economic performances of the multi-racial population.

Dr Mahathir warned that if the economy was not resuscitated quickly and put back on the growth path, racial antagonism would return and Malaysia would be politically unstable. And political instability in turn would make economic revival difficult. "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 we had achieved.

"The indigenous middle-class, small compared to the non-indigenous, 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 were now positive.

Even so the country's "affirmative action has been labelled cronyism".

Dr Mahathir told participants of SAID '99 that to Malaysia's foreign detractors, affirmative action only benefited the family and friends of the members of the Government, in particular the Prime Minister.

Explanations given to prove that it is not so have been totally ignored.

The Western media, the IMF and other agencies in the West kept on repeating that the NEP benefited only the rich friends and families of the Government members.

Yet in truth, the NEP benefited every single indigenous person and even a fair number of non-indigenous people.

Dr Mahathir admitted that the policy "cannot make everyone of these deprived people millionaires. They benefit according to their own capability".

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

But the foreign detractors and their local supporters "see every one of the successful indigenous businessmen as cronies of the Government". That

many of these people failed miserably and some of them were actually members of the family of Government members or their friends is ignored.

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

Because the affirmative action had produced very successful, and therefore very rich indigenous businessmen, they were alleged to be cronies of the Government, the foreigners demand affirmative action should be stopped, he said.

This, according to the Prime Minister, would create disparities between the races as there would not be a single indigenous person among the very rich and successful.

He argued that the real reason for foreign dislike of affirmative action is because most of the highly profitable privatised projects went to the indigenous entrepreneurs in order to balance the surfeit of very rich and very successful non-indigenous entrepreneurs.

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

The impoverishment and subsequent 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 affirmative action programme."

Dr Mahathir told the participants from the Southern African countries that economic management of the country was not about enriching it only.

A country can be made wealthy without wealth being evenly distributed, he said and cited the extreme disparity between rich and poor in the old capitalist system that brought about the socialist and communist revolution.

In Malaysia, the affirmative action worked out 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 in Malaysia that even the recent recession caused by the currency depreciation and collapse of the share market failed to spark racial fights as they did elsewhere in Southeast Asia.

He also spoke at length on the various measures taken by the Government in addressing the currency crisis and the rationale for the unorthodox policies, Malaysia's selective capital controls as "the IMF solution ... was not for Malaysia".

He said for the IMF, affirmative action, the active government intervention in the distribution of economic wealth between races was unacceptable. The economy must be completely free of government interference and furthermore it must be open to total and unrestricted foreign participation.

This would deprive the indigenous people of their share in the wealth. Malaysia, he said, would derive its own solution to eradicate poverty among all races and the elimination of the identification of race with economic function.

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