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PM: Malaysia Incorporated helps ease racial tensions

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KUALA LUMPUR, Mon. - Malaysia Incorporated has not only contributed towards the country's development, but also in easing racial tensions and disparities between Bumiputeras and non-Bumiputeras, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said the close co-operation between the public and private sectors espoused under the concept had made it possible for both sides to down play racial differences.

Left to themselves, he said, the Malay-dominated government service would tend to obstruct the Chinese-dominated private sector.

"But with Malaysia Incorporated, they are both working for the same corporation - Malaysia - and they know that they both stand to gain or lose, depending on how the corporation performs.

"Their close working relations not only contributed towards facilitating bureaucratic procedures and businesses, therefore assisting in the country's good economic growth, but it also contributed towards greater racial harmony," he told delegates to the Malaysia Incorporated Summit 2000 at Hotel Istana.

Dr Mahathir said Bumiputera businessmen had always been inept in the conduct of their relations with government bureaucrats despite their being of the same race.

"With the Malaysia Incorporated concept in place, government bureaucrats were prepared to be more patient with Bumiputera businessmen, whose problems were usually more numerous and taxing than those of non-Bumiputeras."

The Prime Minister devoted the greater part of his speech to how the concept was incorporated in 1983 and the challenges it faced, especially in educating both the public servants and business community on its benefits.

Admitting that the concept was copied from Japan, Dr Mahathir said it was realised that the success of the concept rested on the fact that the more profit businesses made, the bigger the revenue for the Government.

And bigger revenue means not only a bigger development budget, but also better and higher salaries for the public servants.

"Therefore, they have a stake in the companies they dealt with. If the company loses not only will the Government get no revenue, but civil servants too will lose. Government and its employees should therefore help to ensure that the private sector makes the maximum profit."

He said Malaysia at one time tended to set up state enterprises and retain monopolistic services with the Government - the result of the habit of adopting Western ideas without question.

He said public servants were anything but servants of the public, they were not expected to be helpful towards the private sector. A rather negative attitude was adopted in which delays were the general rule and if anything could be rejected, it was rejected.

"There was almost a general feeling that there was no reason for civil servants to facilitate approval when it meant making some businessmen rich, while the civil servant seemingly gained nothing at all."

However, the introduction of Malaysia Incorporated gradually changed the public-private sector relation.

Another proof on the advantage of Malaysia adopting the concept was when the ringgit was devalued by currency traders.

If the relation between the private and public sectors had been bad, Dr Mahathir said Malaysia would not have withstood the pressure caused by the sudden impoverishment of the country.

"It would have been easy for the civil servants to blame the business community for price increases and their lowered standard of living. They would not have accepted the deferment of pay increases if they felt that the private sector was using the ringgit's depreciation to increase prices.

"But there was no animosity directed at the business community by government servants," he said.

In the spirit of the concept, Dr Mahathir said civil servants worked hard to turn around the economy - implementing measures taken by the Government to overcome the downturn.

They knew the main beneficiaries, initially at least, would be the private sector, but they seemed to realise that their own fortunes were tied up with the success of the private sector.

Malaysia Incorporated, said Dr Mahathir, had also helped in the success of other policies and programmes like privatisation, industrialisation through foreign direct investment, tax free incentives for industrialisation, increased budgeting for tourism as well as expanded trade with countries of the South.

"The concept has contributed to all the other policies and methods in expediting the development of the nation. How much it helped is difficult to quantify. But, clearly it contributed."

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