

Crisis affected privatisation

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Excerpts of the dialogue with Prime Minister Datuk Seri Dr Mahathir Mohamad at the launch of the Promuda Lecture Series at the Mandarin Oriental Hotel, Kuala Lumpur on March 6.

ROMIL Shamsudin, 30, fund manager, KAF-Seagroatt and Campbell Securities: **Could you give an assessment of our generation's challenges?**

PM: I am not saying that life is not tough now. But it was different during my time when those who went away from home to study would stay away for six to seven years. Now students return almost every year from abroad for holidays.

Life is softer now and the challenges not the same. When you have a cushy life, you get a little bit flabby.

That is why patients are always encouraged to get up and walk about. So use your opportunities, use your muscles and your brains.

Hamdan Abdul Majeed, 29, investment analyst, HSBC: The Government has been giving somewhat conflicting signals on privatisation.

Please comment, as well as on the recent appointments of professional managers to certain government-related companies?

PM: Our privatisation was going quite well. We were able to transfer government concerns to the private sector.

Telekom when it was with the Government was allocated much funds. But when it was privatised it made RM1 billion to RM2 billion. So our privatisation was not a failure.

When we had the recession, our currency was devalued. Countries will suffer under such conditions.

when they privatise, what they do is sell government assets to foreigners to collect dollars to pay government debts. They call that privatisation.

They sold their banks, they sold their airlines, telecoms etc. In Malaysia when we decided to privatise it had two objectives. One is to remove these companies from government management which has been proven to be inefficient.

Instead of making money we have to dole out funds every year. We wanted the companies to be sold to the private sector which we believed would manage the companies better.

We also had the objective of trying to correct the imbalance between the different races. This gave us an opportunity to create some Bumiputeras who are in big business. So the privatisation went largely to Bumiputeras who appeared to have the capacity and the potential.

And they were not doing badly. They built the roads, managed the roads. They managed even to fly the aircraft but when the country was struck by recession especially the kind caused by devaluation of currencies, very few companies then can succeed.

In fact we all know that all the airlines in the world are in bad shape. Sabena is bankrupt.

Swissair, one of the best airline companies, is bankrupt. So if MAS does not do well it is not something unusual.

So we have a need to rescue these companies because there

professionals is easier. In Malaysia we lay great store on qualifications. If you are from a university you must be clever. If they are qualified then they must be able to do things.

It is not always so but it is easier to choose the qualified people than the unqualified people. So they should be given a chance if they succeed, good, if they don't, of course, they go the way of the others who went before them. So no guarantees.

Tun Faisal Ismail Aziz, 30, head, Pharma-Consult Sdn Bhd: My question is related to your challenge to establish a united Malaysian nation with a common and shared destiny.

When you had the first vision of Vision 2020, how did you see the identity of Bangsa Malaysia at that time? Do you

easy to say other people should not be doing this. Until, of course, the problem hits you then you feel you have the right to do the same thing as well.

I am trying to tell you that this is already happening. So please do be careful. We see a lot of complacency, taking things for granted. Here, we in Malaysia are doing fine so there no need to worry.

I've been to one country recently which has a horrendous economic problem. They tell me our country is very rich, we are just having (some) problem, it is better now and will be better next year.

That kind of attitude is not what will help us. I can tell you that when we had the currency problems we did not sleep very well.

things. That is how the country is managed but, of course, we do not get much publicity for what we are doing because it is routine for us to do that.

So we would like you to be very aware of this that you are going to take over and if you are going to take over in any capacity, you have to understand you have to make every effort to improve and develop this country, the country will not develop by itself.

Jeremy Tan Yip Chian, 30, venture analysis manager, Skali: Through the New Economic Policy, the Government aimed for foreigners' stake in the economy to be reduced from 70-odd per cent to 30 per cent, and increase the Bumiputera stake from 2.4 per cent to 30 per cent. Have these achievements been what you

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Banks, as is customary, when companies are hard up, they ask them to pay up. They take away the umbrella when it rains.

The 1997-98 recession was painful. Many companies were in great trouble. Other countries let their companies to be sold at fire-sale prices, which was exactly what the foreigners wanted them to do. We did not want to.

We knew these companies could not turn around because of the debts they were burdened with. So the Government decided that, although the companies were privatised, we had to go in and do something.

Either we bail them out and give them money or do something like that, or we take over the company, we take back the company.

Of course, a lot of people say this is cronyism, this is bailing out. So, what we did here was in the best interest of our country. In other countries

are employees who serve the public and we have to ensure that the public is not deprived of a service that is necessary for them.

(Second), regarding professional managers. Yes, in many countries we see firms being run by professional managers.

But there is no guarantee that professional managers will do better than the sons of the owners or the grandson of Henry Ford or whoever.

They too can manage. But how did the company begin anyway if not for the initiative and the entrepreneurial skills of the founders.

So even individuals who are not professionals can manage companies.

Somebody who comes to Malaysia to work as a coolie can become a billionaire if he knows how to manage. It does not mean he has to go to the Harvard School of Business or something like that.

But we think that (having)

have any instrument to help us measure the unity of Bangsa Malaysia? What has gone wrong now and how do we overcome this problem?

PM: First, we have not gone wrong yet, but there are signs appearing. So we are still united. Malaysia is still peaceful and stable and people can still celebrate (Hari) Raya, Chinese New Year, Deepavali, *Chap Goh Mei* or whatever together.

So we are still united at the moment but there are signs and we have to worry about the signs because if we take these things for granted and we think we are OK, and don't do anything, suddenly we find these things have grown too big to handle.

That is why there is a need to remind the people who are going to succeed us that these things are already beginning to appear and unless you tackle them you are going to be faced with a problem that cannot be tackled.

You have seen how we have taken very drastic action. The world used to condemn us for detaining people without trial, that this is against human rights.

But the same people who criticised us are today detaining people also without trial and under worse circumstances. So it is quite

We had crisis management. We set up a team that sat down every morning to study all the figures that were coming in with regard to trade, sale of houses, sale of vehicles, imports, exports, manufacturing figures, all these were studied every morning. And if there was anything that was going wrong, we would want to know why and we would have to formulate a strategy to

had envisaged or should we have fared better?

PM: The NEP set the target for redistributing the economic wealth of the country roughly on the basis of 30 per cent for the Bumiputeras, who by the way make up 60 per cent of the population of the country. So 30 per cent is not a big figure.

For the non-Bumiputeras, mainly Chinese, they would

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overcome it.

That is how we managed our country during a crisis. Today, however, it is over but we are still not out of the woods, we do meet, once a week or once every two weeks to study and to ensure that things are going right.

If retail sales are not doing well, we have special sales throughout the country. If houses are not selling well, we have a special sale of houses. Motor vehicles not selling well, we look at the hire-purchase system, all kinds of

have 40 per cent, although their combined figure is 36 per cent. And for the foreigners, they should have 30 per cent.

We have after 20 years of striving, managed to achieve 20 per cent for the Bumiputeras. So we have not actually achieved the target. Today, the figure is nearer 19 per cent. Of course it's bigger but the economy is also bigger. So we need to try to achieve this 30 per cent figure.

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As a Malay and a Bumiputera I am not proud that in my own country I have to receive special treatment. But I have to face the reality of the situation. We have not seen the Bumiputeras avail themselves of the opportunities and build their own strengths so they can fight their way through without any help. So we have to continue giving this help. At the same time, we notice that too much help has made them too dependent and we need to reduce the help again.

So it is a question of balancing and it is not an easy thing to do. In most countries attempts to balance the different segments of society have failed. In America it has failed. They had this affirmative action. They had to give it up.

In most of these countries, including one country somewhere south of us where the Bumiputeras there exceeded the non-Bumiputeras only in the jails.

I think we have succeeded fairly but not completely and because we have succeeded, during the downturn there were no racial riots. In some countries there were a lot of accusations against certain races, riots, killings and rapes.

Here, God be praised, it is still calm. So we need to be tolerant and to put up with this for some time. But as I

say I will not be around to make the decision to drop this thing. You will have to make your decision. What happens to you, of course, I will not be around to see.

R. Joseph, 30, analyst, CAV Private Equity Management: Malaysia progressed from an agriculture-based economy to a manufacturing-based economy and now there is a lot of vision to take us to a knowledge-based economy. Historically, the captains of the agriculture and manufacturing economies have been from your generation, you have brought us this far.

The captains of the knowledge-based economy will be from the audience. Your generation had to deal with a lot of discomfort and you said that the environment now is rather cushy. What would you say to encourage the captains of the knowledge-based economy to be as efficient and effective to make a success of the vision you initiated?

PM: George Santayana is one of my favourite persons and I always quote him. Those who forget the lessons of history are condemned to repeat their mistakes over and over again. That is history. I talked about the history of Malaysia, about the need to learn from the past and to avoid the mistakes of the past. To repeat the success formulas of the past. We are humans and civilised.

Therefore, we should learn from

our history. We live a more cushy life than before but there is no reason for us not to appreciate the need to protect ourselves from complacency. If the histories of the Roman Empire, the Muslim Empire and the British Empires are studied, you will find that initially they were gung-ho people willing to go to the ends of the earth to achieve things.

But later they found things easy, they became complacent, refused to take risks and face dangers and in the end they faded away.

We should learn from that and not wait for experience to teach us. That if we don't work hard we are going to be regressive.

So knowing that we should start working hard. That is what is going to save us. But knowing all that you still do not do anything to protect your future then you deserve to disappear, to be oppressed and be looked down upon. To be poor once again because you refuse to learn from the past.

You don't have to learn always from experience although experience is the best teacher. You can also learn intelligently from the past. I read a lot of history.

Syed Naqiz Shahabuddin, 30, lawyer, Skrine & Co: With the shift from a manufacturing-based economy to a knowledge-based economy, where do we stand compared to other countries and are we

doing enough? How far are we from moving from mere contract manufacturing to be intellectual property owners? Finally how was your holiday?

PM: I think while we want to concentrate on k-based economy and IT and the like we should still have to produce things that we need to use. You can't eat knowledge.

You can use it as a plate. You still have to produce plates, cutlery, appliances. Before we were making for foreign companies, today there are a number of Malaysian brands producing electronic and electrical

products. A lot of things are now being designed and produced by Malaysians.

So we have learnt and continue with this despite the knowledge industry. We cannot always be producing content for TVs, we have to produce things that we can use.

The Government is focusing on this to overcome our losses due to America not being able to update the electronic microchips that we produce. So there is a lot of capacity in Malaysia for manufacturing. So we are not going to miss out on that. We are also not going to miss out on

agriculture. We are going to revive agriculture because there is a lot of potential in agriculture and food processing. While we go for new things we must not forget the old things.

As for my holiday, it was a busman's holiday. When I was in Antarctica, all those people with the little brown envelopes could not reach me.

My doctor says I did very well. My blood pressure also went down. So I advise you to go to Antarctica and if you have friends who you don't like send them to Antarctica permanently.