

## **Najib's New NEP a step forwards or backwards?**

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COMMENT Forty-two years after the New Economic Policy (NEP) was launched by his father, Abduk Razak Hussein, Prime Minister Najib Abdul Razak has now followed in his father's footsteps with a new national policy specially aimed at enhancing Malay participation and control of the economy and which is expected to run into the year 2020.

There are many reasons to fear the worst from this new national policy. Firstly, unlike the NEP which was initiated following the racial riots of May 1969, this policy is clearly linked to Najib's fear of losing his position as president of Umno in the coming party general assembly elections.

Najib has also made references to the fact that the new policy is to reward the Malay voters who supported Umno during the last elections, but this appears less strong a reason than his own survival as Umno leader.

Secondly, unlike the NEP which was at least endorsed by a larger multi-racial grouping in the form of the National Operations Council, the main catalyst for the so-called bumiputera empowerment policy has come from Malay pressure groups such as the Malay Economic Action Council (MTEM), Perkasa, right wing Malay media and bloggers and their godfather, Dr Mahathir Mohamad.

In fact the MTEM has claimed the credit for the new policy. Completely side-lined even though the nation is not under emergency rule has been the cabinet as well as Parliament.

The apparent failure of the ruling BN coalition of parties to even be minimally consulted on the new policy speaks volumes of how much respect Najib has for his non-UMNO BN colleagues and for the principles of parliamentary democracy.

It also shows that Najib - despite all the rhetoric of 1Malaysia and the inclusive scope of the New Economic Model - is prepared to sacrifice the interest of the non-bumiputra component of the country's population to secure his own and Umno's Malay interests.

Thirdly, the policy appears to be an open-ended one. Its range of initiatives is the entire range of socio-economic sectors where Umno's leadership feels that the Malay position needs to be strengthened - equity ownership, business, human

capital, housing, state institutions, private sector jobs, etc.

Fourthly, even though the policy talks about bumiputra and Malay empowerment, it is clear that the main beneficiaries will be Umno members in the business community. According to media reports, the new initiatives will amount to RM31 billion worth but this is likely to be an under-estimate. We can expect the figure of government expenditure on the new policy to run into the hundreds of billions by the year 2020.

#### Impact of the New NEP

Will this massive reallocation of public funds on a racial basis bring about positive benefits? What is likely to happen with the implementation of the new policy? Policy analyst Dr Lim Teck Ghee, who in 2006 exposed the government's fiddling of the corporate equity statistics to under-estimate Malay share as well as recently also exposed the fiddling of crime statistics, expects the racial and political manipulation of official statistics to continue.

He also had this to say to an online news portal (Malay Mail Online).

"It looks like the New Economic Model which was supposed to set the strategic policy direction for the country until 2020 and to de-emphasise ethnic based economic policies has now been effectively abandoned.

"The emphasis on prioritising the bumiputera agenda is politically motivated and racially skewed. It is aimed at ensuring that there is no challenge to Najib in the next Umno general assembly and beyond, as well as to trump the opposition.

"As to it being a reward for Malay voters, this is simply an excuse. If Malay voters had deserted Umno during the last elections, the same pro-bumi policies would still have been set out with the justification that the Malay voters will need to be won back to Umno.

The enlargement of pro-Malay economic policies (other bumiputera will only benefit marginally) will worsen the rent seeking, patronage and other opaque government procurement and engender even more cronyism and corruption. Efficiency, competitiveness, merit-based reform will take second place and the losers will be the larger population and the country.

Poor bumiputera (as well as non-bumis) need greater access to capital, education, housing and business opportunities but we have seen how Umno's leaders and cronies have in fact monopolised the opportunities during the past 40 years of the

NEP. We can expect the same situation to continue.

Various independent Malay analysts have expressed the same opinion. Respected pollster Ibrahim Suffian has put it succinctly, "He is shoring up support of the Malays, particularly business people and contractors," he told AFP. "He's appealing to the base."

Wan Saiful Wan Jan of the Institute for Democracy and Economic Affairs has similarly said that Najib's reluctance to dismantle the affirmative action policy would harm Malaysia's economy in the long run.

According to him, "It will definitely have a negative impact on the economy. The announcement... further enhances the role of government in the economy."

In the next few months and years, the ripple effects of Najib's sucker punch to the nation's socio-economic development will become clear. Slower economic growth, loss of business confidence, deterioration in the business and social institutions of the country - these and other negative impacts can be expected.

Just a few days earlier, Umno veteran and Tourism and Culture Minister Mohamed Nazri Abdul Aziz told an online news portal that Malaysians should think themselves as Malaysian first. Nazri should have addressed his Malaysia Day wisdom to his boss in Umno rather than to other Malaysians.

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