

Anwar provides glimpse of Pakatan's economic blueprint
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De facto PKR leader Anwar Ibrahim today gave top business leaders who are meeting in Singapore a glimpse of Pakatan Rakyat's economic policies should the opposition coalition win government.
MCPX

Anwar, who was former deputy prime minister and finance minister, took the opportunity to vigorously defend Pakatan's left-of-centre populist policies, which may raise alarm among those who worry that they could encroach upon free-market principles.

"Certain detractors have pointed out the road to a more deregulated free market economy will lead to the abandonment of social instruments. We would answer this by saying that we have no intention of abandoning of our electoral promises, among which is the promotion of social justice," he told the region's business leaders at the CLSA Corporate Access Forum in Singapore.

anwar ibrahim pc 120508 03 "We advocate no doubt Hayekian free enterprise but we don't think Adam Smith's invisible hand will be that responsive to the changing times. Hence, whenever necessary, to paraphrase John Kenneth Galbraith, we temper free market with an appropriate dose of state intervention to rectify the social inequities attendant on the interplay of pure market forces.

"We don't think that we need to apologise for advocating a policy on fuel, health care and education which is calculated to ease the burden of the rising cost of living. We call this humane economics."

Anwar also argued that the New Economic Agenda which he mooted is not purely about the economics.

"Its viability depends very much on observing the principles of democracy, socio-economic justice, equal economic opportunities and religious freedom. There is no contradiction in talking about affirmative action while waving the banner of equal opportunity because a level-playing field can never be level unless and until the poor and the marginalised are taken out of the vicious cycle."

Key planks of Pakatan's economic blueprint

According to Anwar, among the key planks of Pakatan's economic blueprint are:

- * Public expenditure will be focused on infrastructure such as transportation, health and education.
- * Ostentatious projects will be shelved.
- * Rent-seeking activities to be kept at bay. Predatory marketing will be outlawed.

Anwar noted that the government is fond of comparing Malaysia with other less well-off nations in the region.

"The truth, however, says otherwise: South Korea and Taiwan were much poorer than us in the 1970s but today their per capita income is US\$19,200 and US\$15,270 respectively. Our per capita income is only US\$6,240.

"And we haven't begun to talk about Singapore, a city-state of four million inhabitants. At US\$30,810, it is five times that of Malaysia's. The enormous difference becomes all the more glaring if we consider that just 30 years ago, Malaysia was neck and neck with Singapore."

He also lamented that Malaysia has one of Asia's worst income disparity among its population.

"In 2005, Malaysia registered the most glaring Gini coefficient in Southeast Asia, worse than Indonesia and Thailand. As you know, being the most effective measure of income disparity, at 0.47, Malaysia was number two in Asia losing only to Papua New Guinea."

Devastating indictment of failure of NEP

He called this a "devastating indictment of the failure of the New Economic Policy (NEP)", launched almost four decades ago.

"In the area of the urban-rural gap, this policy has also been a complete fiasco. In 1999, income in rural homes was 55% that of urban homes with the highest poverty in mostly bumiputera majority states such as Kelantan, Terengganu, Kedah, Perlis, Sabah and Sarawak."

In his speech, Anwar sought to reassure the majority ethnic Malays that their welfare would not be ignored by the Pakatan government.

"Our policy is simple and straightforward enough. We do not intend to do away with the affirmative action principles outlined in the NEP, but we will apply them across the board making them available for all races on a needs basis.

"The question is: Should we condone the abuses of a policy which make the rich richer and the poor poorer or should we not support a policy that provides equitable assistance to all needy Malaysians?"

"Again, to the detractors who will continue to distort the new agenda as an anti-bumiputera policy, let me reiterate that the interests of the bumiputeras will never be compromised because we are committed to building a new system that is just and fair. In this new order, no one will be left behind on account of race or religion.

"Unlike the current scheme of things, the New Agenda will put in place mechanisms to ensure that economic aid goes to those who most need it. For example, small traders who form the bulk of the bumiputera community in business enterprises will therefore be better off than they ever were under the NEP."