



Strategies reflect prudent use of funds

Prime Minister Datuk Seri Abdullah Ahmad Badawi spoke with Martin Soong on CNBC's *In Conversation With...* on Friday night. In the 30-minute interview, Abdullah fielded various questions. Below are excerpts from the interview

On corruption

Q: When you swept to power, one of the things you said you would do was to crack down on corruption. Three years on, people are getting a sense that the momentum has bogged down.

A: A lot of preventive measures have been undertaken, including programmes to get the people to understand that corruption must be regarded as a cancer.

We continue to do that and we have already appointed 300 more (Anti-Corruption Agency) investigators so that these investigators will proceed independently without having to depend on the police all the time, because there have been occasions when police personnel have been accused of corruption.

And we have also created what are known as forensic auditors. These forensic auditors are very important especially if it relates to commercial crime.

Of course, what people want to see is blood in the courts. That is not easy because I have always told them (prosecutors) you have to be very, very sure of the evidence before you take anyone to the court.

And what I'm concerned about is such people might become victims of media persecution. Once a person is tainted, it's very hard for him to survive later on.

On New Economic Policy

Q: A lot of foreign investors would like to see a change in the New Economic Policy, affirma-

tive action for Bumiputeras. After 25 years, has enough wealth and income distribution taken place for the government to consider either relaxing the NEP or scrapping it?

A: You must understand that the implementation of the NEP today is not like it was in the beginning. There has been a lot of relaxation, there has been a lot of liberalisation.

But I would also like to say that in the context of achieving the target that we want, it's not even 20 per cent, about 18 per cent today.

It's supposed to be 30 per cent. So we need to see greater participation and we need to see that the growth distribution continues for a while.

But we must make sure that whatever we do, it must not be against the interest of the non-Malays. It must not be seen at any time to be robbing Peter to pay Paul.

On Vision 2020 and wealth distribution

Q: Vision 2020, is it still on track for it to achieve the 30 per cent wealth distribution target by 2020?

A: Well one of the things that I always emphasise, that's very important, is the development of human capital.

For the entrepreneurship development of the Malays, more training in the area of management is very important.

If we just give them something and they're not able to manage it,

NST- 25/3/2007
soon it will disappear. They have something today in terms of share allocation.

Tomorrow they sell it to somebody else. Then what happens? The record book says something else. In reality, it's something else. That's not good.

So the best is to emphasise on the human capital development.

On things moving slowly

Q: Your nickname, Pak Lah, is respectful, it's also a bit intimate. Many people have great affection for you. Your promise of open government has now opened you up to criticism, including from your predecessor, (Tun) Dr Mahathir (Mohamad). You get the sense that he thinks it's regressive. You're focusing much more on agriculture, cutting back on construction, etc. He says nation building must be done at high speed. What do you say to that?

A: Well that's his value, that reflects his style. As far as I'm concerned, I have to think what is the best method, the best strategy I should adopt to get the Ninth Malaysia Plan and projects implemented. That's not regressive.

For example, Malaysian trade continues to improve, now it's more than RM1 trillion. Our reserves continue to be strong. The inflation graph is coming down, it might even go as far down as 2.5. There's improvement.

If you're talking about growth, well we are able to maintain a certain growth level, which I believe is highly satisfactory.

If you're talking about deficit, I've been reducing the deficit from 5-plus to 3.4. So I am happy. That is improvement. If there is improvement, it means we are not static.

On economic reports about Malaysia

Q: Late last year, CitiGroup came out with a report on Malaysia and its competitive prospects. It described Malaysia as a shadow of what it was. The UN's measurement of foreign direct investment has not been good either. How do you respond to reports like that?

A: At the time I took over, we were facing a certain situation which might lead people to uncertainty. I'm very well aware of the person I have succeeded.

And I'm also aware of economic figures at the time, the deficit was high, and the construction was low. And activities were not going as fast as I would have wanted to. There was some concern.

But now things have changed, because we have done something that has demonstrated there is prudent management of the government finances, of the spending and we have been able to achieve what I have just told you about.

Changing position from deficit to plus on construction, it means infrastructure activities are going on. And, of course, the deficit has been reduced and inflation is also low and trade has not lapsed. Investment has improved.

There's also confidence now among the local investors, and domestic investment has improved. So despite what happened in Shanghai recently which caused a drop in the indices in the stock market, we picked up again. That is strong support.

On EPF's buyout of RHB.

Q: Two deals right now seem to be capturing most of the headlines. One to do with Rashid Hussain Bank and the EPF's buyout of that. Can I get your comments on that because part of liberalisation of the economy, from what I understand, is for the government to gradually let go of state-owned companies. But, in this case, it seems to be the other way around.

A: As far as policy goes, the government will keep divesting some of the shares it holds. As far as EPF is concerned, it was not because we asked EPF to bid for RHB. EPF is flush with money, what do you do with the money?

Q: But it couldn't have been a unilateral decision, it comes under the government.

A: Well, it is under the government but the decision to invest was taken by the investment committee of EPF.

They considered it very carefully. They made the decision and I believe that is a good investment for EPF and the contributors. It will be money well invested. I have decided not to interfere.

On Proton

Q: The end of the month is the date when we're supposed to know who the government, or Proton, has decided to allow itself to be allied to: Peugeot Citroen, the French, those talks went nowhere. Is Proton only in talks with Volkswagen now or is GM still in the running?

A: At the moment, Proton is only talking to VW.



Q: If the VW talks fall through, there would be GM though, that is still a viable alternative?

A: Yes, there is GM still.

Q: What would the government like to see in terms of a deal, whether it's Proton GM or Pro-

ton VW?

A: If we can work together in some form of partnership or joint venture, that is something to benefit in terms of the future growth of Proton, in terms of technical development for our cars, that is what we'd like to see.

That will make us more competitive, hopefully. And at the same time, we would like Proton to remain Proton.

We cannot decide to forget the name Proton and to allow it to disappear. Proton is the national car.

Proton is our pride.

A Gen.2 car being assembled at Proton's plant in Tanjung Malim. The future of the national car maker will be known by end of this week.