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Najib shares economic success tips

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INSIGHT: Prime Minister tells CNN host that Malaysia's progress is the result of the NEM, ETP

SYED UMAR ARIFF
KUALA LUMPUR
news@nst.com.my

MALAYSIA has achieved significant traction in regaining its economic growth in recent years after surviving the Asian economic crisis more than a decade ago.

Prime Minister Datuk Seri Najib Razak, during an interview with CNN host Fareed Zakaria in Davos in Davos at 9pm Malaysian time last night, attributed the progress to the implementation of the New Economic Model (NEM), which consisted of two programmes, namely the Economic Transformation Programme (ETP) and the Strategic Reform Initiative (SRI).

He said the growth rate used to be between eight and nine per cent before the Asian meltdown, which later hovered between three and four per cent.

However, in the third quarter of last year, Najib said Malaysia achieved a 5.2 per cent growth rate.

"When I came into office in 2009, the income per capita was US\$6,700 (RM20,400). But last year, it jumped to US\$9,750. That is a 45 per cent increase in four years. The results speak for themselves. Real change and real progress is taking place in Malaysia."

When asked of his "ambitious" plan to rid Malaysia of the middle-income trap, Najib said the country needed a breakout strategy, which later came in the form of the NEM.



Datuk Seri Najib Razak talking to Fareed Zakaria during the CNN interview in Davos yesterday. Bernama pic

"If I could use an analogy; the ETP is a car travelling fast, while the SRI is quality highway, which you need to drive on and get to your destination quickly. So, with the combination of both, we turned the situation around."

When asked whether the country's abundance of natural resources such as oil and gas had helped, Najib said such wealth must be used prudently.

He said although the country did not entirely emulate the Norwegian model, where oil revenue was wholly deposited into a trust, Malaysia apportioned a small amount into a trust as a productive investment which yielded dividends for an extended period.

"Basically, we have done quite well with the oil resources. We should not use too much for subsidies for example, because that is just for short-term consumption."

"You need to use the oil wealth to increase your productive capacity and invest in high productive investments that will generate higher income in the future," Najib said in the 30 minute interview.

Meanwhile, in Davos, Mustapha Kamil reports that Malaysia outlined its primary policy of managing growth while transforming its economy as an important step that has kept unemployment at a low three per cent, a level technically recognised as full employment.

Najib, who sat in a discussion panel on "Economic Malaise and its Perils" hosted by Al Jazeera's English network here yesterday, said the key to Malaysia's economic transformation was to get out of the middle-income trap.

He said coming out of the crippling 1997 Asian meltdown, Malaysia realised that while its economy was growing, but at a slow rate.

"We decided to put the private sector in the forefront of economic development and saw a sharp increase in private investment, and in the process created more than 300,000 new jobs in a short space of three years."

The discussion started by exam-

ining problems faced by Europe and also the managed slowdown in China, and how these developments were affecting the job market.

The panelists agreed that creating big companies alone was not enough. The challenge, they said, was creating a society that was ready to meet every need that came with development.

Najib said Malaysia had, for many years, inculcated the "candor" spirit among its people through the "Malaysia Boleh" slogan.

"The slogan has generated plenty of optimism among Malaysians."

He said during the 1997 crisis, Malaysia decided that it could continue to grow without paying the political and social costs as would have been required had it subscribed to cures prescribed then by the International Monetary Fund.

"We realised that we could get out of the crisis by continuing to adopt a pro-growth and investor-friendly policy, and we objected vehemently to the IMF's prescriptions."

Malaysia's move, which went against the IMF's suggestions, were praised by the international market several years later.

Other panellists in the discussion hosted by Al Jazeera English's Kamahl Santamaria were Iceland President Olafur Ragnar Grimsson; International Labour Organisation director-general Guy Ryder; Turkey's Deputy Prime Minister for Economic Financial Affairs Ali Babacan; China's Head of Department of Finance Li Daokui and SAP AG Germany co-chief executive officer Jim Hagemann Snaube.