

## **Balancing Economy And Equity Malaysia's Key Challenge In Transformation Bernama**

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CANBERRA, Dec 7 (Bernama) -- Striking a balance between economic growth and equity is Malaysia's key challenge in managing economic and political transformation, Deputy Prime Minister Tan Sri Muhyiddin Yassin said Wednesday.

The challenge was due to the status and needs of the various ethnic groups and regions, he said in his public lecture themed, "The Malaysian Formula-Managing Economic and Political Transformation" at the Australian National University, here.

Muhyiddin said since early independence, the government had to strive to eliminate the disparities in income and living standards of the country's multi-racial communities due to identification of race with economic function.

"In 1957, the vast majority of Malays lived in highly impoverished rural areas with poor or no public amenities. In the meantime, the Chinese and Indian business and professional class dominated the affluent urban areas, with Malays serving mainly in the government and military.

"These were the cards that were dealt with at the time of independence. We could have let these outcomes and events that followed be dictated to us or we could try to work through and around them to shape outcomes and events. We chose the latter course of action," he said.

Thus, development became the critical strategy to ensure stability and unity, said the deputy prime minister, who is currently on a three-day working visit to Australia. Muhyiddin arrived here this morning to deliver the lecture before departing for Perth later.

Muhyiddin said the political legitimacy in Malaysia had never been solely based on who won more votes at the polls, but on who could deliver the goods in a way that satisfied the various communities.

However, he said, it was the May 13, 1969 tragedy of communal riots that had struck the government that despite the efforts made, the Malays and the natives of Peninsular Malaysia, Sabah and Sarawak were still left far behind economically.

"But if there was a positive side to it, it was that it brought national focus and reflection on how to proceed," he said, adding that the tragedy led to the introduction of the New Economic Policy (NEP).

Muhyiddin said the focus on lifting the income of the bottom 40 percent regardless of ethnicity was an extension of the earlier approach adopted in the NEP.

The NEP, which was conceived as a bold attempt to eradicate poverty regardless of ethnicity and to restructure society so as to eliminate the identification of race with economic function was Malaysia's first economic transformation.

Another challenge faced by Malaysia in managing economic and political transformation,

according to the deputy prime minister, was rising competition from other countries.

"This is a challenge that is faced by all countries in the international economic system. Malaysia needs to strengthen its comparative and competitive advantages and secure a place in this system," he said.

Muhyiddin said in this globalisation era, it was unwise for any country to compete unnecessarily, instead, they should find ways to cooperate and collaborate.

"We also should take a positive view and regard these challenges as signals to prompt changes in the domestic economy so that we will remain competitive," he said.

Muhyiddin said transformation vision and strategies would only produce the desired results if they received the support of all stakeholders.

"In other words, the biggest challenge is how to ensure that the benefits of economic progress are distributed fairly to the ordinary citizens," he said.

As a multi-ethnic, multi-cultural and multi-religious society, national unity was paramount for Malaysia to progress and achieve its aspirations, said Muhyiddin.

"The fact that we have made good progress in many areas and at the same time maintain national unity is widely acknowledged. Not many countries are successful in managing such diversity while delivering good economic growth and social development," he said.

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