

Government's Steady Stewardship Generates Country's Economic Resilience
Bernama
Aug 5, 2012
By Najib Tun Razak

(The Prime Minister's opinion piece first appeared in Hong Kong's South China Morning Post on Aug 4, 2012.)

KUALA LUMPUR, Aug 5 (Bernama) -- "Welcome to Kuala Lumpur, the IPO town...where bankers are enjoying a boom of breathtaking proportions." This is how one journalist described the recent initial public offerings of Felda Global Ventures Holdings and IHH Healthcare on the Kuala Lumpur stock exchange, in the world's second- and third-biggest listings this year.

Equating Kuala Lumpur with major financial centres such as Hong Kong or Singapore, as some reporters have done in recent weeks, is perhaps indicative of the hype that tends to surround major stock market listings. But the Kuala Lumpur stock exchange is gaining in strength; it hit a record high in July. By bucking the gloomy global trend, it also mirrors the wider Malaysian economy.

In the first quarter of this year, the Malaysian economy clipped along at a respectable 4.7 per cent, even as our main export markets in Europe languished in recession, and important trading partners such as China and India came off the boil. Malaysia's debt levels remain at a manageable 53.6 per cent of gross domestic product, while our unemployment rate stands at 3.0 per cent. Per capita income has increased from US\$6,700 in 2009 to US\$9,700 at the end of last year. British Prime Minister David Cameron recently referred to Malaysia as a "powerhouse of the modern global economy".

As Malaysia's prime minister, it would be tempting, but wrong, to claim the credit for this economic success. The real praise must go to the brilliance of our entrepreneurs, the enthusiasm of our young, plugged-in graduates, and of course the dedication and hard work of the hundreds of thousands of Malaysians who work in core industries such as plantations, services and manufacturing. That being said, the government's steady economic stewardship, and in particular our Economic Transformation Programme, has provided a sound basis for our country's economic resilience.

Malaysia never embraced the unregulated, instant-gratification capitalism that has proved catastrophic to some economies since the global financial crisis. Instead, we focused on ensuring stability and making considered, iterative reforms that accrue long-term dividends. We have liberalised services sectors, focused investment in key growth industries and divested state ownership in well-established companies. Felda Global and IHH Healthcare are cases in point. For many years, the government owned majority holdings in these fledgling companies, shielding them to some extent from the vagaries of the market until

they were mature enough to fly the nest. Felda Global is now the world's third-largest palm oil company by acreage, while IHH Healthcare is Asia's biggest hospital operator.

The government continues to support emerging industries that will power the Malaysian - and the global - economy in the decades to come. For example, we aim to grow our information, communication and technology sector to provide 17 per cent of national income by 2020; and we are supporting low-carbon technologies, such as solar modules, super-efficient LED lighting and hybrid and electric cars. Our tourism and high-end manufacturing sectors are already global leaders; while Malaysia is the world's front runner in Islamic finance.

Last Monday, I cut the ribbon on the Tun Razak Exchange, Kuala Lumpur's new international financial district. The exchange aims to attract 250 companies, create 500,000 new jobs and generate over US\$8 billion in development value. Our aim is to transform Kuala Lumpur into a global financial centre.

The value of the Islamic finance sector, for example, was just US\$5 billion in 1985 but is over US\$1 trillion today. Malaysia accounts for some 40 per cent of this trade and we plan to triple the value of this sector over the next decade. Growth areas such as these will ensure that we are well positioned to lead tomorrow's global economy and achieve our ambition of reaching developed country status by 2020.

In Malaysia, however, we avoid equating development purely with economic growth. An open and dynamic economy requires equally vibrant and competitive politics. For Malaysia's long-term stability and success, our political system must evolve and mature alongside our economy. For these reasons, the government has in the past few months implemented a raft of reforms aimed at strengthening and deepening our democracy.

These reforms include ending Malaysia's decades-old state of emergency; repealing the Internal Security Act - that permitted detention without trial - with legislation that allows police to detain terrorist suspects for up to 28 days, and only for the purpose of active investigation; introducing legislation to liberalise the media; widening the scope for student participation in politics; and, most recently, repealing the much maligned Sedition Act, which dated back to colonial times.

I believe that the Malaysian approach - a steady, nurturing form of capitalism, with economic and political reforms going hand in hand - can continue to bring success. And I hope that the Kuala Lumpur bourse, like our economy, will continue to experience more of the Malaysian boom, and less of global gloom, in the months and years ahead.

-- BERNAMA

Copyright © 2012 BERNAMA

Source: <http://www.bernama.com/bernama/v6/newsindex.php?id=685728>