

Ku Li: NEP failed due to patronage and cronyism

Kinibiz.com

Apr 4 , 2014

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Former finance minister Razaleigh Hamzah has declared the New Economic Policy (NEP) a failure due to patronage and cronyism.

“The plan (NEP) has failed. The initial philosophy was just and noble but its implementation has gone haywire. In fact it has perpetuated high inequality among Malaysians due to the entrenchment of rent-seeking and patronage system,” said Razaleigh.

The NEP is an affirmative action programme launched by the government in 1971 to increase socio-economic participation of the Malays by targeting a 30% Bumiputera share of the national economy.

Since 1991 the NEP has been replaced with various other similar programmes such as the National Development Policy, National Vision Policy and National Transformation Policy

“Goals set out by the policy were not met in the specified timeframe. In an effort to remedy the situation, a so-called trickle-down plan was put in place. It doesn’t work,” said Razaleigh.

He explains that NEP has created a fertile breeding ground for patronage, cronyism and rent-seeking practices. It has also worsened ethnic rivalries that are manifested by parallel economic and social systems.

“The bottom 40% of Malaysia in economic terms is still made up of Bumiputera households. About 90% of their incomes are made up of wages and salaries which are hardly commensurate with rapid increases in living costs. The EPF (Employees Provident Fund) has reported that about 79% of its contributors earn RM3,000 or less a month,” said Razaleigh illustrating the disparity of purchasing power between the poor and wealthy.

[Click here](#) to read as extract of Tengku Razaleigh Hamzah’s speech at the launch of Anas Alam Faizli’s book “Rich Malaysia, Poor Malaysians”

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