

## NATIONAL POLICIES

## At a glance

1955-60

**First Malaya Plan**  
Defence and security

1961-65

**Second Malaya Plan**  
Improving rural lives,  
diversifying the economy

1966-70

**First Malaysia Plan**  
Import substitution,  
diversification

1970-90

**New Economic Policy**  
Growth with equity

1971-90

**Outline Perspective Plan**

1971-75

**Second Malaysia Plan**  
Eradicating poverty,  
restructuring society

1976-80

**Third Malaysia Plan**  
Reducing poverty,  
enhancing quality  
of life, redistributing  
wealth

1981-85

**Fourth Malaysia Plan**  
Increasing productivity,  
balanced development

1981

**Look East Policy**  
Emulating Japanese and  
Korean business culture

1983

**Malaysia Inc**

1983

**Privatisation Policy**

1986-95

**Industrial Master Plan I**  
Increase R&D, develop  
heavy industries,  
promote SMEs

1986-90

**Fifth Malaysia Plan**

1991-2000

**Outline Perspective Plan 2**

1991-95

**Sixth Malaysia Plan**

Vision 2020

Total development

1996-2005

**Industrial Master Plan II**Raise productivity,  
go high-tech

1996-2000

**Seventh Malaysia Plan**

1991-2010

**National Development Policy**

Balanced development

2001-05

**Eighth Malaysia Plan**

2006-20

**Industrial Master Plan III**Towards global  
competitiveness

2006-20

**National Mission**

2006-10

**Ninth Malaysia Plan**Realising the national  
mission

2010-20

**New Economic Model**  
Economic Transformation  
Programme

2011-15

**Tenth Malaysia Plan**High income,  
inclusiveness,  
sustainability

2016-20

**Eleventh Malaysia Plan**Anchoring growth on  
people

# Mind the gap between plan and reality

Malaysia's development story has often been cited as a model for the Third World, yet serious questions arise on whether it can sustain this growth path without a fundamental shift in direction. Malaysian-American economist Prof Woo Wing Thye addresses the key issues in an email interview with *The Edge*.

## **The Edge: From a development policy viewpoint, what is the biggest challenge facing Malaysia after 60 years as an emerging economy?**

**Prof Woo Wing Thye:** The biggest challenge is a decline in the potential economic growth rate caused by capital flight and brain drain from Malaysia. In the December 2015 report of Washington-based research institute Global Financial Integrity, the five countries with the largest illicit financial flows from 2004 to 2013 (in descending rank) are China, Russia, Mexico, India and Malaysia. In per capita terms, the size of the illicit financial flow was US\$1,026 for China, US\$7,315 for Russia, US\$4,313 for Mexico, US\$399 for India and US\$14,088 for Malaysia. In the absence of this capital flight, the amount of private investment in Malaysia would certainly have been much higher during this period and growth would also have been considerably higher.

In a 2010 report by the Washington-based World Bank, 20% of Malaysians with tertiary education have left the country. Anecdotal evidence suggests that the outward migration of skilled technicians is also high. The absence of critical mass in talents in Malaysia is causing a critical mess out of the attempts to upgrade our industrial and education sectors, and to strengthen indigenous capability in technological innovation. Social progress might also have been retarded as well.

The knowledgeable observers I know have claimed that the large outflows of financial capital and talent are increasingly multiethnic in nature.

## **What is the No 1 issue that Malaysia's development policies have not effectively addressed that prevents the country from realising its potential?**

Since 1970, Malaysia has become overly dependent on inward foreign direct investment (FDI) to fund private-sector investment, overly dependent on imported technology to upgrade domestic production and overly dependent on gas and oil revenue to fund government expenditure. The integration of many poorer countries into the international division of labour in the 1990s, the improvement in governance in a large proportion of these poorer countries and the exhaustion of cheap labour in Malaysia have diverted foreign direct investment away from the country.

Malaysia has responded to the exhaustion of cheap domestic labour by importing cheap foreign

labour. The foreign labour competes directly with the poorest segment of the domestic workforce and, hence, slows down the rise in the wages of the poorest segment. The large inflow of cheap foreign labour also enables the domestic producers to avoid undertaking investments to upgrade themselves technologically to raise productivity.

Malaysia is now looking at the One Belt One Road (OBOR) programme of China to take on the role the US, Japanese, South Korean, Taiwanese and European FDI had played in growing the Malaysian economy. The contribution of OBOR should be supplemented with domestic reforms to boost potential growth.

## **What is the most important strategic step that Malaysia must take to escape the perfect storm of the middle income trap, economic disruption and crisis of confidence in the country's future?**

Transformasi Nasional 2050 will hopefully succeed in reorientating economic policies to be in line with the structural changes in the Malaysian economy since 1990, to be in line with the emerging new technological trends in production, to be in line with the shifts in global trading arrangements, to be in line with environmental protection, to be in line with greater income equality and to make Malaysia more hospitable to domestic capital and Malaysian talent.

Malaysia is a small country, so it needs a harmonious external environment to thrive. It must, therefore, help mobilise fellow Asean countries to work against the threat of de-globalisation and to work creatively to prevent big-power rivalry from escalating into a new Cold War.

## **What is needed to make economic inclusion work in Malaysia?**

The emphasis on improving the welfare of the bottom 40% is absolutely correct. The objective of a social situation where race is not identified with occupation is also correct. However, new procedures and mechanisms must be adopted to improve income distribution across the races.

For example, the practice of reserving a proportion of government projects for bumiputera companies can be continued but there should be more competition, transparency and accountability in the awarding of contracts. The government should use the open tender mechanism, and contractors who fail to deliver (refer to the

“  
The expansion of the education sector must continue, but the upgrading of education deserves top priority.”



Auditor-General's Report) should pay compensation to the state. The discount on houses sold to bumiputeras should vary according to the income/assets of the buyers. ICA-style of asset redistribution should be halted because it promotes capital flight and discourages small and medium enterprises from growing.

There is also the need to address the growing income inequality within each race. Malaysia must come up with new ways to promote social mobility.

Social inclusion is necessary for economic inclusion to occur. The concept of 'tolerance towards differences' should be replaced by the practice of 'acceptance of differences'. Diversity is a fundamental strength because it is possibly the greatest source of creativity. Diversity need not be a significant source of social divisiveness, especially if politicians are not allowed to play this card in fear-mongering.

## **In the near to medium term, what should be the focus of capacity-building programmes to foster Malaysia's economic resilience?**

The quantity target in all levels of education has been making good progress, but improvements in the quality of education is disappointing. The expansion of the education sector must continue, but the upgrading of education deserves top priority. The social engineering aspect of education should be dialled down and the economic construction aspect of education should be strengthened immensely as soon as possible.

This means that the regulation of the education sector must be reformed drastically and the funding model of higher education must be changed fundamentally. Multiple language streams in education and different pedagogical approaches to education are natural for a country that prospers through international trade, and it is well suited to a world with multiple national sources of technological innovation. The best private universities in Japan, South Korea and the US are just as good as the best publicly funded universities. Diversity in education is the greatest source of technological creativity.

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## CULTURE

Freedom for the  
creative spirit

BY TAN HEE HUI

Malaysia, post-Independence, took shape as a melting pot, blending influences from home and abroad into its cultural zeitgeist. This spirit has fed its creative souls, inspiring them to produce works that mirror the nation's triumphs and trials. Their contributions are emblems of the country's journey, unmistakably Malaysian in the way they strike a chord in us.

Though the list of luminaries is long, we count five names to represent the vast field of talent whose works have left an imprint on the national psyche.

**P Ramlee**

A seminal figure in local entertainment, P Ramlee remains relevant as his films and music continue to attract audiences on television and online.

His charismatic performances and tumultuous personal life still feature extensively in the nation's discourse, via coverage in newspapers, among others, probably even more so than when he was alive, proving his undying legacy.

Actor, director, screenwriter and prolific composer, he made more than 60 films and composed some 250 songs.

Although there were many gems in his prolific career, he is arguably most remembered for the movie *Ibu Mertua Ku* (1962), which he directed and starred in. Revolving around a musician and his wicked mother-in-law, the dramatic film has strong characters, classic scenes and dialogue still referenced in contemporary Malay pop culture.

He also directed *Madu Tiga* (1964), poking fun at polygamy — still prevalent in Malaysian life and a topic often politicised.

*Madu Tiga* showcases his versatility as a comedian, playing a married man who secretly takes a second

and a third wife. Trouble and hilarity ensue when the three women find him out and conspire together against their cheating spouse. Behind the humour, though, the drama points to the sobering reality that it is no joke for the people in such a predicament.

**Sheila Majid**

A performer in a class of her own, Sheila made an indelible impression with her smooth vocals, infectious lyrics and melodies that transcended racial and age barriers — a rare feat among local artistes. In a *New Straits Times* poll, Sheila won Best Female Artiste for three consecutive years from 1987.

With a career spanning more than three decades, Sheila — known as the queen of jazz — is a rarefied act, having gained international success and showcasing the best of contemporary Malaysian music. In 1986, her second

album *Emosi* — with hits such as *Sinaran*, *Antara Anyir dan Jakarta* and *Fikirkan Dulu* — sold very well in the challenging Indonesian market. These songs made Sheila a household name and are still easily identifiable.

She was also the first local act who gained success in the notoriously difficult to crack Japanese market, and headlined a sold-out concert at the Royal Theatre in London's West End in 1996.

**The Instant Café Theatre Company (ICT)**

The late local theatre stalwart Krishen Jit had said that the ICT allows us to feel that it is okay, after all, to indulge in the kind of dangerous humour that is the drama company's trademark.

He was referring to the theatre group's edgy revues, known for bold and critical humour, performed at various venues, including in the informal settings of clubs and bars.

ICT — founded by Jo Kukathas, Andrew Leci, Jit Murad and Zahim Albakri in 1989 — became a household name for its socio-political satire, paired with song-and-dance sequences for added comical effect.

Featuring diverse cast members, ICT's revues have earned a large following by poking fun at the nation, warts and all, from the absurdity of contemporary society to tyranny, stupidity and corruption.

So much so, ICT has run afoul of the authorities, which speaks volumes of the former's chutzpah and its success in gaining the respect of its audience.

**Rehman Rashid**

One of Malaysia's leading writers, the late Rehman Rashid was a storyteller and advocate for media freedom. His books have gained acclaim as they reflect the individual's struggle against the unyielding force of the state.

Unflinchingly frank, even when describing his own shortcomings, Rehman also ran afoul of the authorities with his writings.

One that stood out was his stinging article on Operation Lalang in 1987, when opposition figures and social and political activists were incarcerated. He was hauled up for questioning, as highlighted in his seminal memoir on national history, *A Malaysian Journey*.

In this book, he reveals another nugget: the then feared Special Branch director (and later inspector-general of police) Tan Sri Rahim Noor was his fiercest critic.

An exemplary figure for younger Malaysian writers, he was known to promote the importance of direct narrative journalism, inspiring other scribes such as Bernice Chauly, Marina Mahathir and Zainah Anwar, who later found their own voices.

**Lat**

Cartoonist Datuk Mohammad Nor Khalid, popularly known as Lat, who won the Fukuoka Asian Culture Prize in 2002, has published more than 20 volumes of cartoons since he was 13 years old.

While in school, he supplemented his family's income by contributing cartoon drawings to newspapers and magazines. At 13, he published his first comic book *Tiga Sekawan Menangkap Pencuri* (*Three Friends Catch a Thief*).

Later, his *The Kampung Boy* made him a household name. Lat's most renowned work, displaying his knack for capturing ordinary quirks in extraordinarily memorable ways, was published in several countries.

His work — which portrays the country's social and political lifestyles in a comical manner and without bias — has endeared him to the people. E

Ruling party, opposition  
not pushing for reform

FROM PAGE 8

Malaysians' full visibility of monetised politics, clearly exposed by the 1MDB scandal, and the legal existence of a massive slush fund controlled solely by the prime minister — even Umno's deputy president did not know of this fund — has not compelled both the ruling and opposition coalitions to institute immediate reforms. Indeed, these issues have destabilised Umno, creating serious intra-elite feuding culminating in a formidable new opposition party.

Meanwhile, unacceptable features of Malaysia's political finance regime that persist include unlimited donations and expenditure and that ruling parties of federal and state governments can benefit from the network of GLCs that constitute a substantial portion of the economy.

Politicians certainly have no right to complain that money now dictates the conduct of Malaysian politics. For decades they espoused reforms, but refused to institute real change. E

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Private business  
crowded out by GLCs

FROM PAGE 10

**What is the foremost lesson that can be drawn from Malaysia's experience in supporting entrepreneurship?**

The Malaysian miracle is that the country is teeming with entrepreneurship despite the crowding-out effects from the growing role of government-linked corporations (GLCs) in the economy. The government should not be both the regulator of private businesses and the competitor to private businesses. Because inefficient GLCs enjoy the privilege of being continually recapitalised by taxes imposed on their competitors, their existence debilitates the economic system. What advantages could government agencies possess over private entrepreneurs in running real estate companies and hospitals? E

## 'More people need to speak up'

FROM PAGE 14

perform their religious service in his own mosque.

And here we have Malay mobs asking for the cross to be taken down in the Kampung Medan incident because it was a shoplot. As though Muslims are so weak-minded that the sight of a cross is going to make us leave our religion. It's so ridiculous.

And just for Christians to use 'Allah' in their services is going to confuse Muslims. Please don't treat your fellow Muslims like children. We can think.

It's all form, not substance. It's all about dressing.

**All Malaysians must stand up**

Let's reflect on the 60th anniversary of our nation's founding.

We're becoming more and more racially polarised. Look at the impact ... how many Malaysians have migrated, the brain drain. Please look at the statistics. Many of them are Malays.

When children go to study abroad, many Malays and non-Malays, if they get a job, their parents will tell them there's nothing for you in this country, stay abroad. It's sad.

All Malaysians have to stand up. We need to be counted. More and more people need to speak up and express their concern and not just hide behind the skirts of people like G25 and a few other Muslim groups.

But to give due credit, civil society has spoken up. In spite of all the repressive action taken against them, more and more NGOs (non-governmental organisations) are speaking up, regardless.

We have no choice. For G25, we are so concerned about what is happening to our country, that's why we came together. Out of love for the country, because all of us are patriots. E