

Chapter 6

Sustainable Strategies for Economic Transitions in Malaysia

Datuk Amir Hussin Bin Baharuddin

Abstract This chapter will analyse the three basic elements of economic sustainability in Malaysia, i.e. the socio-economic policies, democratization of housing and education, and mobilizing the “trust funds” that are pro-poor. A historical overview in the first part of the chapter is supposed to help the reader to get some idea about the many transitions Malaysia underwent throughout its history. As shall be explained, Malaysia was able to utilize western ideas and models since its independence. Later on, in the 1980s, Malaysia employed the Look East Policy towards the Japanese humanistic model of Japan’s work style. Beyond the 1990s and certainly beyond 2000, China’s economy seems to influence the Malaysian counterpart. Finally, Malaysia employed a uniquely designed formula to manage her transitions. The stability of the government and the visions of a country’s leaders play a crucial role in managing transitions successfully and in ensuring the sustainability of the economy. A list of strategies will be based on the lessons learnt from Malaysia’s transitions, before arriving at the conclusion that the Malaysian model would be useful for many developing countries, especially those with the British colonial background and natural resources.

Keywords Economic transitions • Sustainability and entrepreneurship • Trust funds • Income distribution • Minutemen

6.1 Introduction

This chapter will shortly summarize Malaysia’s history as well as analyse the strategies and short term tactical moves employed by Malaysia in managing its economic transitions since its independence in 1957. Most Southeast Asian countries, except from Thailand, were colonized by Europeans, such as the English, the French and the Dutch. Malaysia was colonized by the British since 1786, with the first official settlement of Penang by Francis Light. Later on, the British reinforced their

D.A.H.B. Baharuddin (✉)
School of Economics, Finance and Banking, College of Business,
University Utara Malaysia, Sintok, Kedah 06010, Malaysia
e-mail: amirhussin@uum.edu.my

colonization of Malaysia via the Treaty of Pangkor 1874, where only the Perak Sultanate received a British “advisor”. The original idea of the British was to exploit the resources of Malaysia starting from spices and later on, tin mining. After rubber was brought in by Sir Henry Wickham with seed from the Brazilian Amazon, the oil palm was brought in from Nigeria. Tin, rubber, and oil palm generated the major income from economic resources for the British home economy, until the Federation of Malaya received their independence from the British in 1957. In 1963, Singapore, North Borneo (now Sabah), and Sarawak joined the Federation of Malaya to make up Malaysia. In 1965, Singapore opted out of Malaysia to form the Republic of Singapore; another separate nation, Malaya inherited the agricultural economy with tin, rubber, and oil palm exports in 1957. The people resided in the rural area with nearly zero industry and very little service. The basic structure of the economy was rural and agricultural with a narrow agriculture export base. The country has three major races, Malay-Bumiputra, Chinese, and Indians with unique and specific economic activity engagements, places of residence, and professional positions. There was an acceptable “Status quo social contract” and Malaysia needed very little economic growth at that time. Growth and modernization were not so important back then. Malaysians were satisfied with the state of affairs until an event suddenly occurred on May 13th 1969 that changed almost everything. What followed in Malaysia, was a change from a multiracial rural-agricultural economy to an export-oriented economy with manufacturing and service orientation through deliberate economic and political policies and strategies. Most of those events led to the sustainable economy of 2014 – with the capability of adjusting and adapting fast to the global economic disturbances in a rapid and flexible manner, especially since 1981. By the time, when the US economy and the world economy were shaken badly by the financial crisis in 2008, Malaysia was perhaps the most robust and resilient economy with external and internal contributors. The main measures that managed these transitions smoothly and safely, were the formulation of the public policies, the design of the 5-year plan, and the tactical annual National Budgets of Malaysia. These three elements were based on the visions of leaders and the synergetic acceptance of those visions by the loyal population and perhaps appropriate policies-institutions setting the right priorities in the infrastructural development such as roads, communication, schools, ports, and airports (see Table 6.1 for guide to changes). More than 20 years went by without any major events since Malaysia’s independence. Then in 1980, things changed rapidly for Malaysia. Thanks to the 35 public policies and many innovations by the country’s leadership, which were not gimmicks or mere slogans, Malaysia and her 29 million people, is considered top 20 country of the world today. The data from the various official sources indicated these points. Before we continue, the following timeline shall highlight what Malaysia went through as a nation:

Table 6.1 Timeline of major socioeconomic events that affects transitions in Malaysia

Year	Events
630	Kedah State was created.
1136	State of Kedah, Malaysia, started to have Muslim Sultans/Rulers. Previous to 1136 AD they were non-muslim rulers.
1410	The State of Malacca, Malaysia, founded by Parameswara, the Hindu Prince from Palembang, who later on converted to Islam.
1511	Malacca fell to the Portuguese, the beginning of the European power in Malaysia. The Portuguese were going for 3 Gs: Gold, Gospel, and Glory.
1786	Penang was started with British settlement by Captain Sir Francis Light.
1800	Province Wellesley rented by the British from the Sultan of Kedah.
1874	Treaty of Pangkor – the British enter as advisors to Malay rulers
1888	Rubber brought into Malaya from London Botanical Garden
1945	End of World War II
1946	Malaysian Union, suggested to Malaysians by the British.
1948	The start of Malaysian Emergency due to communist insurgents.
1952	The Korean war, heavy communist insurgency in Malaya.
1955	First Election in Malaya, Kuala Langat declared as Malaya first “white area”, free from communist terrorists.
1957	Independence on the 31st of August 1957, brought by the Alliance of United Malay National Organization (UMNO), Malaya Chinese Association (MCA), and the Malaya Indian Congress (MIC), a party of three components formed before the election.
1958	Malay students from Malay schools in rural Malaya transferred to English schools to improve Malay education and improve English speaking skills of Malays.
1963	Formation of Malaysia with Singapore, Sarawak and Sabah (independence trough Malaysia).
1965	Singapore opted out of Malaysia as a Republic under Lee Kuan Yew.
1967	ASEAN was established.
1969	Third General Election, May 13th 1969 that left hundreds dead, and the beginning of the New Economic Policy (NEP). Rukun Negara and New Economic Policy announcements were the major events in place.
1970	Tun Abdul Razak became the second Prime Minister. New Economic Policy (NEP) suggested to solve imbalances among races.
1971	Malaysia introduced the New Economic Policy, to expire in 1990 in Third Malaysia Plan.
1974	The National Petroleum Company PETRONAS was formed (replaced foreigners for oil pumping). This had enormous positive employment and Dollars effects on citizens. Anwar Ibrahim detained for 22 months
1975	Vietnam war ended and one million boat people arrived in the Malaysia Kelantan – Terrengganu – Pahang coasts. Foreign elements entered our land and minds.
1976	Tun Abdul Razak passed away. His son Najib Razak (at 23 then) was soon elected to parliament. Tun Hussein Onn made third Prime Minister
1980	Amanah Saham Nasional (ASN) launched.
1981	Mahathir Mohammad became the fourth Prime Minister of Malaysia.

(continued)

Table 6.1 (continued)

Year	Events
1982	McDonalds, the US fast food giant began operation in Malaysia.
1983	Mahathir Mohammad initiated PROTON, the national car project, production of the first model SAGA began in 1985 in association with Mitsubishi, Japan – the demand for better road and highways started. Malaysia created the Islamic Banking Law to set up Bank Islam. Takaful Malaysia, an Islamic Insurance company, was set up in 1984
1984	Islamic Insurance – Takaful Malaysia set up.
1985	Mahathir Muhammad and the Malaysian Government conceived the idea of a national highway PLUS.
1986	Malaysia passed a law that prohibited the publication of malicious allegations against the government.
1988	Construction of North-south Highway began.
1989	The APEC forum started by Australia with 12 member countries.
1990	The NEP, started in 1970, would have ended by 1990. NEP which ushered the affirmative action for Malays had begun in 1970, followed by the National Development Policy NDP in 1991–1998, and later on by the National Vision Policy 1998–2020 which spearheaded many changes including Malaysia as a high income country. Malaysia's poverty stood at 22.8 % at this time.
1992	Panama Disease had caught Malaysia's banana industry and wiped out the Cavendish variety of banana plantations of Malaysia. This disease had earlier attacked the Gros Mitchel variety of banana.
1994	Malaysia engaged in a tight monetary policy as the economy was growing too fast. The North – South Highway PLUS was completed with 770 km (520 miles) of roads from Bukit Kayu Hitam, Thailand border to Singapore.
1996	Issues raised to block the Hydroelectric Project at Bakun, Sarawak. Activists stalled the \$6.02 billion construction project; a court order stopped the construction temporarily. The Pergau Hydroelectric dam in Kelantan (which was supported by British aid) was commissioned.
1997	Prime Minister Mahathir Mohammad visited the Silicon Valley and started the idea of a new multimedia super corridor at Cyberjaya, linked to a new airport (KLIA) and the new capital city Putrajaya, linked by a "rapid transit" with Kuala Lumpur and the PLUS networking. There was a massive capital investment and construction project. Burma was allowed to be an ASEAN member state. American billionaire George Soros vilified by PM Mahathir Mohammad as the cause of the 1997 financial crisis. Asian currencies dived in foreign exchange markets. Mahathir had suggested earlier that "we do away with trading currency like a commodity".
1998	In September, the former Finance Minister ended his duty few days after the independence day Penang Celebration on 31 August 1998.
1999	Malaysia started moving government departments to Putrajaya.
2000	Anwar Ibrahim convicted to a year jail.
2003	Mahathir Mohammad physically resigned as the fourth Prime Minister to make way for Abdullah Badawi on October 31st 2003.
2004	Jan 7th, Najib Razak was named Malaysia Deputy Prime Minister.
2008	New General Election 12 badly damaged Abdullah Ahmad Badawi

(continued)

Table 6.1 (continued)

Year	Events
2009	April 2nd, Abdullah Ahmad Badawi resigned from PM office (after 5 ½ years of reign) to make way for Najib Razak to handle the economy that was close to recession, to handle the country's deep racial division, and to revive the Malay party (UMNO – BN).
	April 4th, Najib Razak became the sixth Prime Minister to lead the PRU-13 general election in 2013.
2013	Malaysia held the 13th general election in May 2013. The ruling coalition held on simple majority in parliament, holding to all states previously held plus Kedah. Kelantan, Penang and Selangor remained in opposition hands as state governments.
2014	The Barisan National (BN) candidate won a by-election in Teluk Intan (a Gerakan win heading to reinstatements of 3 new Chinese Ministers and 3 Deputy Ministers into the cabinet). The cabinet get larger, for a bigger array of jobs and agenda to sustain the economy in definite transition towards year 2020.

Source: Various plans and established timeline in my earlier papers

6.2 Determinants of Economic Sustainability in Malaysia

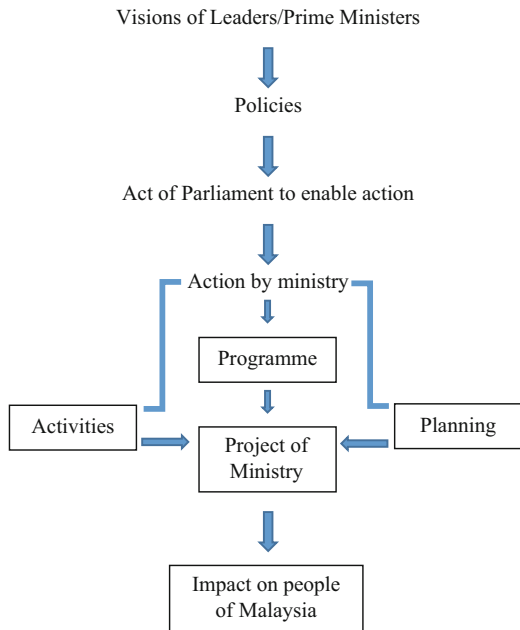
Every country is unique in its ability to survive economic, social, and political crises. Nevertheless, some factors are relevant for every country:

- The attitude of the citizens and non-governmental organizations (NGO).
- The vision and sincerity of political leaders in handling the oppositions.
- The transparency of political and administrative procedures.
- The integrity of public servants and private sector workers.
- The efficacy of the law, legislations, and taxation system.
- The extent of involvement of the “small people” in economics, social, and political matters, and the distribution of assets and wealth.
- Efficiency of enterprises and agencies administration.
- Accountability of public servants and institutions.
- Productivity of public and private investments.
- Continuity of the nation's presidents and premiers.
- The interference of the international organizations, rulers, and the international game playing of the superpowers.
- The knowledge of all people and their reading culture.

These factors and other considerations depend, to some extent, on the people. Sustainability requires the participation, involvement, protection, and the guarantees of people at large. The government system alone will not make strategies sustainable. Strategies must be conceived, formulated, executed, and evaluated well by the political leaders, who should have the interest of the common people or the majority of the population at heart, when formulating national policies, plans and agendas. Malaysia had good leaders for the last 60 years. We had been able to acquire some of the best advisors as early as in the mid 1960s. The ruling party is a

multi-racial coalition of Malays, Chinese, Indians, and minority ethnics. Before 1974, the party was Alliance (Perikatan). Since 1974, the coalition is named National Front (Barisan Nasional), a party that runs the economic and other affairs for the people. The country is a parliamentary democracy and constitutional monarchy. BN is a ruling party that has lasted longer than the Japanese LDP and India's Congress Party. Malaysia's ruling party has been in the country's leadership for more than 58 years. This continuity has given Malaysia more advantages than most other countries. Transitions are better managed by governments with long tenure. Sustainability would be a product of a continuous government. Transition in the ruling party's leadership is also important. The Malaysian ruling party Barisan Nasional had been led by the Alliance of United Malay National Organization (UMNO). The UMNO President, Vice-president, and deputy president provided stability and changed hands in an orderly manner. Their continuous and orderly changes helped the government to manage the Malaysian economy in terms of sustainability of strategies, even those that went beyond two planning periods. The thoughts and vision had reinforced the ways Malaysia administers and implements project programs. Schematically we see a clear path between the leadership's vision and the people's interests (Fig. 6.1).

Fig. 6.1 The relationship of leaders visions, planning, economic activities and impact, in Malaysia (Source: Visualised and simplified by Author from briefings of EPU officers)



6.3 The Malaysian Economy Way

Over the years of implementing policies to the socioeconomic targets and to ensure sustainability, we anchor our faith on the people. We lacked this previously before the 1969 riots. For the first 5 years of the New Economic Policy (NEP), we were filling gaps and not getting the results towards equity, equality and growth together. The NEP has three main objectives with unlimited strategies:

- To achieve national unity.
- To eradicate poverty regardless of race.
- To restructure society in a way which reflects the Malaysian society, ensuring that no race is associated with the geography of residents, economic activity, profession, or origin.

Malaysia was still thumbing her way out of the memory of the racial tensions of 1969. To encourage the NEP to work, the leaders worked hard to develop the Acts of parliament, to draw the action plan and to set the direction. The idea is to get a real solution working with little disturbance from gossips and speculations of the people and foreign agents. We revived the previous Acts and developed new ones.

Among them, the noted ones are:

- The Internal Security Act 1948, 1960
- The Seditious Act.
- The Official Secret Acts. (to safe guard government strategic and tactical secrets)

To this end, the USA being so engrossed with human rights, freedom, and perhaps democracy and free enterprises, saw no abuse. Since Malaysia is an ex-colony of the British, the basic ideas of these acts, passed by the parliament, are those deployed by the British at their appropriate occasions, not beyond that. We apply them as cautiously as necessary, being fearful of the UN provisions and other interference from Western superpowers. In the 1960s and 1970s, especially before USA lost Vietnam to the Viet Cong in August 1975, whatever we do to protect our democracy would be welcomed by the UK, USA and even endorsed by the UN, in the name of democratic idealism, and to stop the ASIAN domino, resulting from communist insurgents contributed by the Soviet Union (USSR) and the People's Republic of China (PRC) doctrines and ideals. The period 1957 through 1969 was a period of trials with conventional approaches to development regarding Post-independence economic structure and racial inequalities. In the case of Malaysia, the group that needs uplifts and management in transition periods is the majority Malay-Bumiputra group, making up 68 % of the population. This lack of foresight has led to the May 13, 1969 incidents, i.e. major racial riots because of the failure to address ethnic inequities in the year since 1957.

The period 1970–1990 was the period of New Economic Policy, when the three objectives of NEP were embedded in all efforts of the government to eradicate poverty, to increase household incomes that effected all spin-offs (those of the 1980s, the 1990s and those beyond the year 2000 AD), to improve the distribution of wealth/asset ownership, to educate the Malays, and to assist problematic races like the Indians and the aboriginal people (without religion preference). The 1970–1990 formula was good but did not reach many targets, especially (not) the 30 % equity ownership in the publicly listed companies and national wealth and the 30 % targets in all professional fields like accountants, engineers, architects, medical doctors, dentists etc. The NEP of 1970–1990 was extended to 2020 under the National Vision Policy 2020. Under the NEP, there was neither enough time to accomplish too many things nor to create the optimum condition for equitable distribution of wealth, income, housing-construction, educational accessibility, and the income power to buy shares of public listed companies. This led to various efforts in the gigantic steps of the Amanah Saham strategies, the creation of government-linked companies (GLC), forwarded budgets, and the “money from the little men”. This money was gradually liberated to all Malaysians by Mahathir Mohammad from 1998 to 2003. He created a number of “strategic minutemen” from all races, which we cannot name as they are not public knowledge. The idea was that these “Minutemen” will lead a group directly and assist the weak ones or “weaklings” in subsequent stages and “not just another crony” as alleged by the West. Regardless of any inquiries, there are things that work out, whereas others fell apart in a transition society unlike Malaysia. This phenomenon is also true in US, Japan as well as in the UK and other European countries. This is the usual nature of human character rather than political patronage or intelligence. The period of Prime Minister Najib Tun Razak added even more dimensions to sustainability and transitions since April 4th 2009. The sixth Prime Minister was trying to create a new image, reconciliation and to enhance Malaysian economic frontiers via the *ONE MALAYSIA concept*. He cared for the poor, the small and medium firms (SME), the lone income, and the Middle income groups, while enhancing the big corporations. Then came the “lost” MH 370 affairs, distracting Malaysia’s will to sustain and tame the various transitions on the domestic fronts as well as the global transitions coming from ASEAN, APEC, China, India, Europe North America and the Arab States. We do not have the complete knowledge yet on strategies to sustain our economy in transition scenarios. Nobody has the answers, except perhaps China. Malaysia had managed well with 34 good policies, infrastructures, continuity of government (Alliance and the BN), citizens of reasonably good character, reasonably honest and ethical leaders, stable currency, peaceful situations, and a good set of climate and natural resources. We were able to mobilise the “small men money”, to involve them in big projects and corporations and cared for the poor and the handicapped in our own little way.

Time and the sequencing of strategies and projects brought us successes through what Samuelson called the *multiplier-accelerator effects*. Our institutions, set of Ministers, and people had created various synergies domestically. We would not have done well if our people had decided to sabotage themselves and their own people with endless demonstrations, street clashes, and perhaps civil wars. Such situations will not enhance anybody nor develop mankind at large. A warring entity will waste time and properties, with enormous loss of future and potentials. To sustain we need our own people. Japan and South Korea are good examples. China is another example with 1.3 billion people. Like everyone else, Malaysia learns from everywhere to get their sustainable strategies in enhancing their economy in transition periods. The answers to those who want to grow, develop, and prosper is free. They are everywhere: Harness them, understand them, and use them for free. Do not take everything Adjust to the need of your people and your country. If you feel bad, apply the virtues of your religions and avoid the vices of men. You will get the answer, though some of them need time of reconciliation. Start small. Get rid of poverty.

Mobilise “small men money” via trusted or created trusts or mutual funds. Get your construction via roads, houses, and buildings going! Make sure democracy exists in house ownership and access to education. Get some monitoring going and use some controls. Free markets can hurt people if some unethical items are developed. Play on plan and the annual national budgets to adjust and to review. We can surely say that economic sustainability in a transition economy can be done by willing societies.

6.4 Towards a Sustainable Economy for All. Some Preliminary Strategies

- Get rid of poverty.
- Do not allow the Gini Coefficient to deteriorate.
- Get more people involved in the economy and make sure that only few people rely on income support, subsidies, and the food stamp sector.
- Do not see the rich get richer and the poor get poorer as a pro sustainability.
- Get more people in point 3 above to save in their personally preferred, modest way. Match these funds with government sponsored soft loans to small and medium firms.
- Make sure SME are supported.
- Make sure cooperatives are independent and operational.
- Mobilize small people fund in unit trusts and assured or secured funds.

- Do not be one of those Foreign Direct Investment(FD) grantees for outflow of funds, only allow this when absolutely necessary.
- Mobilize small scale talents. Help them to use their assets well. Do not allow idle assets or assets to be taken away by big corporations. The Nation must support all people and not just corporate leaders.
- Recognize small people's contributions in free elections. Help them prosper and spend on consumer goods, while saving small funds in unit trusts.
- Secure their homes and family; let them feel good about the economy. Do not let them be exploited unattended by the democratic government they elected.
- Make sure all families have at least one member graduated from a university and/or have an executive job as laid down in the Tun Razak Doctrine in 1957 (Baharuddin 2002).
- Make sure home, cars and costs of living are affordable. Control demand and supply situations; at least get to know them.
- Minimum wage may not be necessary. Prices for food and basics must be kept low. House prices must reflect the actual value and Malaysian affordability. Working must make sense.

6.5 Conclusion

In conclusion, it is obvious that the continuity of a government is very important for the sustainability of the economic enterprises. Visions of a leader and the length of his tenure matters a lot (22 years for Mahathir Mohammad and only 5 years for the third Prime Minister Tun Hussein Onn). Malaysia enjoys these three factors. The will to try an agenda, the planning process and the skill of articulating an agenda to the people also played a significant role. The mobilisation of domestic “small savings” had proven successful for Malaysia. Generally, Malaysia had the “chemistry” for a success in sustaining the economy even throughout all transitions within the 58 years period since its independence in 1957. The New Economic Model for Malaysia 2010 (National Economic Advisory Council 2009) initiated by Premier Najib Tun Razak was a manifestation of this valid experience as it targeted high income, inclusiveness, and sustainability. The Malaysian model would be useful for many developing countries, especially those with the British colonial background and natural resources.

6.6 Appendix: Figures and Tables

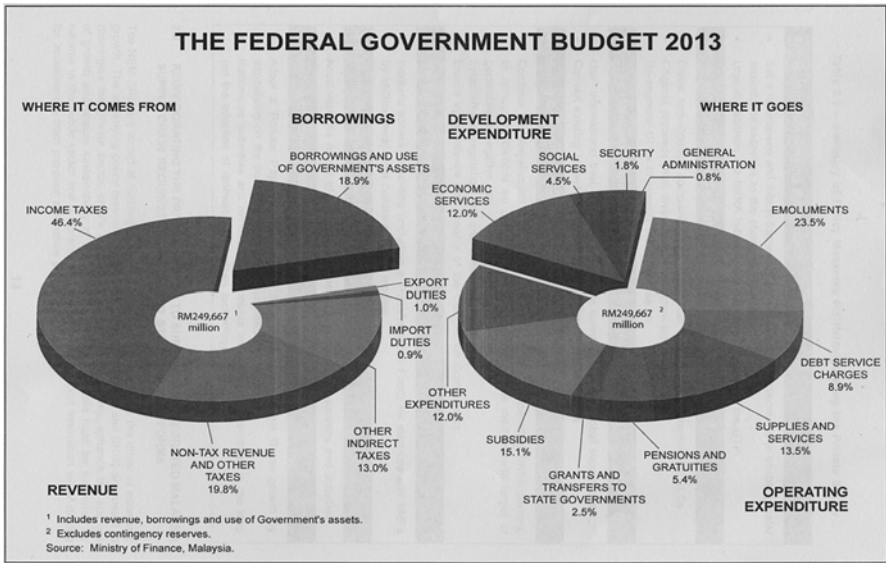


Fig. 6.2 The Federal Government Budget 2013 (Source: Malaysia Economic Planning Unit (2010) Economic Report, 2012–2013)

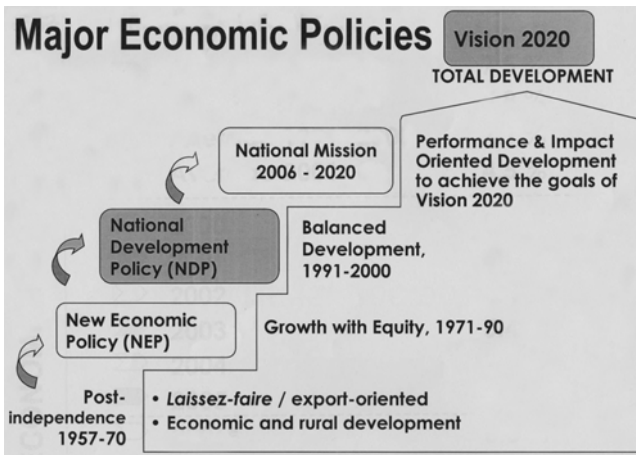


Fig. 6.3 Major Economic Policies Vision 2020 (Source: Malaysia Economic Planning Unit (2010) Economic Planning Unit Briefing by the Director general)

Table 6.2 Number of students benefiting education in private and public institutions of higher learning

	IPTA (public)	IPTS (private)
Certificate	–	68,442
Diploma	67,628	123,937
Bachelors	223,968	124,071
Master	30,347	6,477
PhD	8,752	860
	For the country's R+D+ Real trainers provider	Encouraged by money making
Total	331,752	323,787

Source: Ministry of Higher Education (MOHE) (2012)

Table 6.3 Malaysia's economic structure

	1990 (%)	2005 (%)
Services	46.8	53.8%
Manufactures	24.6	28.4%
Agriculture	16.3	8.4%
Mining	9.4	6.7
Construction	3.5	2.7

Source: Component from various Malaysia Economic Report % of GDP, from Chart 3, P. 7

Table 6.4 Malaysia's self-sufficiency levels in food commodities 2000–2010 (%)

Commodity	2000	2005	2010
Rice	70	72	90
Fruits	138	117	138
Vegetables	95	74	108
Fisheries	86	91	104
Beef	15	23	28
Mutton	6	8	10
Poultry	113	121	122
Eggs	116	113	115
Pork	100	107	132
Milk	3	5	5

Source: Malaysia Economic Planning Unit (2010), Ministry of Agriculture Third National Agricultural Policy 1998–2010

Table 6.5 WAWASAN 2020

WAWASAN 2020

1

A Brief Overview
Prepared By: Sara Irina binti Md Rijaluddin, January 2012

“.....living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous.....”

Tun Dr Mahathir Mohammad

Summary

- Established by former Prime Minister, Tun Dr Mahathir Mohamad during the tabling of the 6th Malaysian Plan in 1991.
- Nine challenges¹ were set out to meet the targets of Vision 2020.
- Aim: *“By the year 2020, Malaysia can be a united nation, with a confident Malaysian society, infused by strong moral and ethical values, living in a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient”* – Tun Dr Mahathir Mohammad
(Source: “Malaysia as a Fully Developed Country”, Office of the Prime Minister of Malaysia)

The Nine Strategic Challenges

- Challenge 1: Establishing a united Malaysian nation made up of one Bangsa Malaysia (Malaysian Race).*
- Challenge 2: Creating a psychologically liberated, secure and developed Malaysian society.*
- Challenge 3: Fostering and developing a mature democratic society.*
- Challenge 4: Establishing a fully moral and ethical society.*
- Challenge 5: Establishing a matured liberal and tolerant society.*
- Challenge 6: Establishing a scientific and progressive society.*
- Challenge 7: Establishing a fully caring society.*
- Challenge 8: Ensuring an economically just society, in which there is a fair and equitable distribution of the wealth of the nation.*
- Challenge 9: Establishing a prosperous society with an economy that is fully competitive, dynamic, robust and resilient.*

(Source: “The Way Forward”, Office of the Prime Minister of Malaysia)

After Tun Mahathir – Other Policies towards Vision 2020

Tun Abdullah Ahmad Badawi


- “Islam Hadhari” – strengthening Vision 2020 by promoting the nation’s modernization with a balanced awareness and progress in humanity and spirituality. There was also a shift towards human capital development and transparency.
- Economic spheres designed to attract foreign and local investments, alongside a spurring a nationwide growth - Iskandar Malaysia, Northern Corridor Economic Region, Sabah Development Corridor and Sarawak Corridor of Renewable Energy.
- Liberalisation of rules to encourage foreign investment in properties and banking.
- Removing the RM3.80 to one dollar peg, hence allowing floating currency trading and increased competitiveness.
- Incentives for new SMEs.

(Sources: Institute of Islamic Understanding Malaysia, The Edge Malaysia)

Dato’ Seri Najib Tun Abdul Razak

- “1Malaysia” – stresses upon national unity and ethnic tolerance. The 2010 values of 1Malaysia as articulated are perseverance, a culture of excellence, acceptance, loyalty, education, humility, integrity, and meritocracy.
- “New Economic Model” – “High income (to double Malaysia’s income per capita from RM23 100 to RM 49 500), sustainability and inclusiveness”.
- “GLC Transformation Programme” - Part of an ongoing effort by the Government to drive development. The launch saw the introduction of the KPI. (Key Performance Indicators), board composition initiatives, the revamp of Khazanah Nasional Bhd, as well as changes in the management of a number of GLCs.
- “Economic Transformation Plan” (ETP) – a comprehensive effort involving two integral components represented by the eight Strategic Reform Initiatives (SRIs) and the 12 National Key Economic Areas (NKEAs).

(Sources: National Economic Advisory Council, Office of the Prime Minister of Malaysia, 1Malaysia)



www.ceku.org, ceku@ukeconline.com

Source: Baharuddin (2013)

Table 6.6 Debate: with 8 years remaining, is Malaysia on track to fulfill Vision 2020?

Yes	No
<p>Economy</p> <p>In the 10 years before the economic turmoil of 1997–1998, Malaysia was growing at a higher percentage than the 7 % growth target needed to double per capita income every 10 years for 30 years. Even if growth for the next 10 years averages slightly less than 7 %, Malaysia would still be on target.</p> <p>In 2010, the World Bank listed Malaysia at No. 36 in ranking of countries by GDP.</p> <p>New Economic Policy proves to be in favor of the indigenous people as they now have 20 % of economic wealth and many have university qualifications.</p> <p>A general perception of strong optimism for the Malaysian economy.</p> <p><i>(Sources: World Bank. Central Bank of Malaysia, The Malaysian Insider)</i></p>	<p>Economy</p> <p>In order to achieve Vision 2020, the nation required an annual growth of 7 % (in real terms) over the toce periods (1990–2020). Between 1988 and 1997, Malaysia’s GDP averaged 7.7 %. Between 1999 and 2009, it slowed down to an average of 5.2 %. In 2008, it was at 4.7 %, while in 2009, GDP contracted to –1.7 %. (Take into account that the country had to face two major financial crisis (in 1997–1998 and in 2009). The 2011 GDP forecast is predicted to be between 4.7 and 5.2 %.However, the country needs to grow by 8 % after 2009, to still reach Vision 2020.</p> <p>The amount of debt for 2011 reached RM56 billion, representing 54.3 % of the country’s GDP. The national limit is stated to be 55 %, set by the 1983 Funding Act and the 1959 Loan (Local) Act.</p> <p>Lack of a sustainable long-term economic plan in Budget 2012 such as measures to reduce the widening income gap and the “middle income trap”.</p> <p><i>(Sources: Trading Economics, The Star, Bloomberg,)</i></p>
<p>Politics</p> <p>Relative stability and a functioning constitutional monarchy with a democratically elected government accountable to the citizens.</p>	<p>Politics</p> <p>The need for immediate reforms demonstrated by Bersih 2.0.</p>

<p>A peaceful, multiracial country</p> <p>Ranked No. 19 in Global Peace Index 2011 (indicating peaceful internal and external relations).</p> <p>Ranked No. 39 in Globalization Index 2011-proving Malaysia's global connectivity, integration and interdependence in the economic sphere, and awareness in social, technological, cultural, political, and ecological changes. (Source: <i>BBC</i>)</p>	<p>'Ketuanan Melayu' –claims of institutionalised racism leading to lack of meritocracy and unequal treatment to citizens</p> <p>The rise of political issues such as UUCA</p> <p>MAAC and SPRM under scrutiny for their transparency and accountability</p> <p>Very limited progress in human rights demonstrated by controversial laws such as the ISA, police abuse and lack of protection for 300,000 domestic migrant workers. (Sources: <i>Human Rights Watch 2011 Report, The Malaysian Insider</i>)</p>
<p>Social</p> <p>Malaysia is ranked at No. 61 in the Human Development Index within the United Nations Development Report 2011 (United Nations 2011), categorized as “High” human index.</p> <p>A very popular tourist attraction – received almost 25 million visitors in 2011</p> <p>Kuala Lumpur is an Alpha-ranked Global city alongside Beijing, Washington, Brussels and Milan. (Sources: <i>The Global City, Tourism Malaysia</i>)</p>	<p>Social</p> <p>Ethnic relation are still unstable. Merdeka Center for Opinion Research's Ethic Relations Survey 2011 Report discovers that only 39 % of the respondents identify themselves as 'Malaysians' first. On perceptions of unity, 44 % felt that it was 'superficial unity'. However, 96 % states that inter-ethnic relations are important.</p> <p>Lack of freedom of speech – Malaysia ranks at No 141 in the Press Freedom Index 2010.</p> <p>Education – lack of a unified national system, conflicts in the medium of instruction and racial quotas for university admissions. (Sources: <i>Education in Malaysia, Ministry of Education</i>)</p>

Source: Baharuddin (2013)

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