

MAHATHIR'S ECONOMIC POLICIES

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MAHATHIR'S ECONOMIC POLICIES: AN INTRODUCTION

The title of this book, *Mahathir's Economic Policies* may be seen by some as provocative. There may be those who disagree with such a title for reasons that must be discussed.

There are those, for example, who feel that from 1981, YAB Datuk Seri Dr Mahathir Mohammad has not really formulated the economic policies implemented under his premiership, thus not warranting the title of this book. There is also the view that government economic policies under Dr Mahathir's leadership have merely been an extension of the New Economic Policy (NEP) and other economic policies, particularly industrialisation policies, before Dr Mahathir became Prime Minister. Such views often assume that the present policies were inevitable. Yet another view suggests that these economic policies have been announced and implemented in an ad-hoc fashion, lacking the coherence suggested by such a book.

Some observers also feel that the economic policies pursued under Dr Mahathir's leadership merely reflect his earlier economic philosophy, as enunciated in his famous book, *The Malay Dilemma*, and several other writings and speeches from the sixties and seventies.

It is also often observed that policies implemented since the early 1980s have consistently served to uphold and advance certain business interests, which seem to have strong influence over national leadership. This view is often linked to the development usually known as 'money politics'. This view implies that recent policies were inevitable in view of preceding political and economic developments.

There are undeniable grains of truth in all these views. Similarly, it cannot be denied that most important changes in the ruling Barisan Nasional's economic policies have been inspired by Dr Mahathir, or have at least been attributed to him, regardless of whether they actually originated from him.

On the one hand, although the NEP and other earlier economic policies are still being pursued, it cannot be denied that Mahathir's economic thinking has had a tremendous impact. For example, the 'Malaysia Incorporated' and

privatisation policies have clearly influenced the direction of NEP implementation and the role of the public sector, particularly in the restructuring effort to achieve the 30 per cent Bumiputra equity ownership target. Also, recent heavy industries have influenced the entire industrialisation effort which previously placed greater emphasis on export-oriented production. Meanwhile, the National Agriculture Policy is attempting to develop agriculture on a more capitalist basis with a greater market orientation.

It cannot be denied that there are several contradictions between some government statements and these new economic policies. For example, even though Dr Mahathir launched policies opposing British economic interests and has denounced neo-colonialism, the Malaysian government continues to seek foreign investment, while maintaining technological dependency and the openness of the Malaysian economy. Thus, on the whole, it can be said that economic policies from the early 1980s seek to transform Malaysia into a newly industrialised country (NIC) like South Korea, less dependent on the developed industrial nations, and under genuine Bumiputera capitalist entrepreneurial leadership. Most of Mahathir's economic policies seem to aim to achieve this end.

Even though there has been some consistency between his present economic policies and earlier convictions, it cannot be denied that the ideas underlying present economic policies are more comprehensive, developed and coherent. Some of his earlier ideas include the need for more independent capitalist economic policies to create the Malay millionaires, the absorption of Malays into the modern capitalist sector, tighter control over labour, and efforts to overcome the colonial economic legacy.

The emergence of 'money politics' and other phenomena which reflect the close relationship between political power and business opportunities is clearly related to increasing state intervention in the economy and the centralisation of power, particularly in recent years. It cannot be denied that certain influential groups have enjoyed the opportunities and benefits arising from present economic policies. Nevertheless, it is not useful to assume that all these economic policies are merely an excuse to enrich a select group of influential individuals.

Thus, we should attempt to understand Mahathir's economic policies not only individually, but also holistically. This little book contains several articles which try to critically understand many recent policies and their implications.

This volume begins with Dr Mahathir's 1983 memorandum regarding several new government policies, including the effort to emulate Japanese work ethics, the Malaysia Incorporated policy, privatisation and the attempt