

16/07/2002

## The legacy of Dr Mahathir

Hardev Kaur

ON taking office in 1981, Prime Minister Datuk Seri Dr Mahathir Mohamad set out a vision for Malaysia to be well respected internationally and for Malaysians to stand on an equal footing with the rest of the world.

It was seen as a tall order by the sceptics, as Malaysia was the "least known" even among Asean members and sometimes mistaken for some country in China or Africa. At home, Dr Mahathir had expressed the desire to see Malaysia as a land without absolute poverty, where everybody was well fed, well clothed and enjoyed a long and healthy life.

He wanted Malaysians to be "well respected, to be more prosperous, to have political stability and live in a well-administered country".

Today, 21 years later, changes in Malaysia are evident in almost every sector - economic, social, foreign, political and sports. The attitude of the people has changed - some for the better and others, perhaps not. Malaysia has been put on the map and the country's image overseas has never been better.

Malaysia's voice is increasingly being heard and its leaders listened to. Many, including those in the developed world, seek its views while others want to know the secret of its success.

The country's policies and unorthodox approach to solving problems, including economic and financial, are considered as examples that could be emulated and implemented as alternative solutions to the International Monetary Fund (IMF).

Leaders from around the world, developed and developing, religious and political, make a beeline to Kuala Lumpur while invitations to visit foreign countries for Malaysian leaders are neverending.

The number of foreign missions in Kuala Lumpur has increased from 89 in 1981 to 148 currently, reflecting the importance that foreign nations attach to Malaysia.

The national economy has shed its dependence on primary commodities to become highly diversified and manufacturing-based, on the threshold of the next stage of development in the IT era.

The labour-intensive industries have been replaced with capital-intensive and high-tech industries. Today, Malaysia hosts more than two million foreign workers - a situation not associated with developing countries where high unemployment and migration are the order of the day.

The physical landscape - Kuala Lumpur's skyline, the road and highway network, railways, ports and airports - amazes visitors. Malaysia as an Islamic state does not fit the stereotype and labels that are normally attached to developing countries and to Islamic nations.

It is one of only two Islamic countries that have achieved a level of development that can be considered to be close to that of developed countries. Per capita income has increased by some 330 per cent from RM4,022 in 1981 to RM13,272 this year.

Social ills are beginning to emerge - drug addiction, AIDS and crime - which need concerted attention and action. The "Ugly Malaysian" has started to rear his head and must be dealt with before he brings disrepute to the country.

Dr Mahathir has said there is "no excuse for poverty in this country". Policies were implemented to eradicate poverty, irrespective of race. The incidence of poverty has been reduced from 37.43 per cent to 7.5 per cent and the quality of life has improved in urban centres as well as rural

areas.

Basic amenities such as water and electricity are taken for granted and comparable with those in developed countries.

Enrolment in universities has increased nearly 10-fold from 28,611 in 1981 to 211,584 in 2000. Not only has the number of universities increased but many well-known foreign universities have set up campuses in Malaysia.

Businesses, local and foreign, have flourished. The number of companies on the stock market has nearly quadrupled from 253 in 1981 to 846 today. Foreign capital continues to make its way into Malaysia, as evident in the interest in the recent listing of Maxis and PLUS.

This is not by accident but investor-friendly policies that have been carefully planned and implemented. A survey by Business International in the late 1980s cited Malaysia as having one of the "most advantageous investment environments" for foreign investments.

Improving infrastructure, training and education were cited as being among the single most important domestic policies. Today, there are foreign investments and businesses with operations in Malaysia from almost every country in the world.

Today, Malaysia is the world's largest exporter of electronic goods. Seven out of every 10 cars on the road are now Malaysian-made. They are also running on many foreign roads.

In 1981, businesses were overly dependent on the Government but Dr Mahathir "rolled back the public sector", urging the private sector to take a more active role in economic development.

The sector was pushed as the engine of growth. Policy adjustments were made to enable privatisation and Malaysia Inc policies to be implemented.

For the policies to achieve the desired results, the attitude of government officers towards the private sector had to change. "Now there is a better understanding of the role of the private sector and its relevance to the public sector," Dr Mahathir said in an interview in 1989.

According to Maybank Securities Research, where previously the private sector was "stifled with inadequate incentive structure and an inward looking business mentality Dr Mahathir sought to rectify this anomaly, undertaking structural adjustments with a view to laying the foundation for the future".

The structural reforms unleashed the economic potential of the private sector, which spurred economic growth.

Between 1988-1996, the gross domestic product (GDP) growth averaged 9.6 per cent. Over the 21 years of Dr Mahathir's premiership GDP growth averaged 9.56 per cent - despite the recession in the mid-1980s and the economic contraction due to the financial crisis of 1997-98.

Malaysia adopted unorthodox policies to achieve its goals and to shield its economy and people from adverse external events.

Its leadership was taken to task for its policies. But these prevented greater damage to the economy and helped in the faster turnaround - a fact now being acknowledged by even its most ardent critics.

Malaysia is the only East Asian economy that avoided a technical recession last year.

Even Singapore, which largely escaped the crisis, registered slow growth and two quarters of negative growth pushing it into a technical recession.

The Prime Minister pursued free market policies and ironically, according to Maybank Research, "what Dr Mahathir did in the 1980s was exactly in line with present-day Washington Consensus and he would have been a star student of the IMF".

Malaysia is an open trading nation. A developing country, it is more dependent on trade than even the US and Japan. Its trade to GDP is some 200 per cent against nine per cent for Japan and 10 per cent for the US.

Malaysia is the world's 18th largest trader account.

Dr Mahathir challenged his countrymen to "think out of the box". They were woken to the fact that they should not be satisfied with their achievements.

They must strive for even higher goals. Malaysians, from all walks of life, were given the shock treatment from the medical doctor, who demanded increased productivity and efficiency, adoption of new technologies and the exploration of new business opportunities at home and abroad to compete with the best.

Nothing was taken for granted; the old ways of doing things and business were challenged and Malaysians were urged, cajoled, encouraged and assisted to do things differently and to reach for higher goals. They were told to Look East, clock in and out of work, work hard, improve productivity and efficiency.

Dr Mahathir led the way with his "Leadership by example". This helped make a difference to the country's development and its image overseas.

In his 21 years as Prime Minister, he has laid a firm foundation on which Malaysians can build towards achieving the goals outlined in Vision 2020 for their country to achieve developed nation status.