

Is Muhyiddin correct and John Mallot wrong?

Malaysiakini.com

February 28, 2011

The debate that is going on feverishly between DPM Muhyiddin and ex-US ambassador to Malaysia John Mallot shares a common ground, i.e. to explore the conditions necessary for the attainment of a high-income nation by 2020.

To Mallot, this economic goal shall remain a dream since it calls for an economic growth of 8 percent annually and given the impediments of racial and religious tension, and the regime's tolerance of right-hand groups (Perkasa and Utusan Malaysia) in stoking racial disharmony that resulted in 500,000 non-Malays seeking employment elsewhere from 2007- 2009.

As expected, Muhyiddin refuted the said claims but offered no evidence to the contrary. Muhyiddin also dismissed any watering down of part two of the new economic model (NEM) as alleged by Zainal Azman (an NEAC member), but offered no details. If such is the case, is Muhyiddin on solid ground to claim that Najib's aspiration to attain a high-income nation by 2020 is on course? What are the necessary conditions?

Actually the culprit lies with Najib. Had he not set such a lofty goal for Malaysia, there would not be any debate today, and life for ordinary people on the street would have continued with least disturbance.

At the moment, the country is caught in a middle-income trap after years of high growth in 1975- 1995 (Yusuf and Nabeshima, 2009, back cover) by emulating strategies of original Asian tigers for bringing in foreign direct investments.

But to move to the next level, Malaysia requires a different set of strategies as argued by World Bank (Yusuf and Nabeshima, 2009, pp. 10-12) on ways to make the economy more productive and competitive, something not disputed by the regime (see Tenth Malaysia Plan, 2011- 2015, pp. 14- 15).

Four weaknesses have been identified for Malaysia by the World Bank:

- i) failure of MNCs not generating further opportunities for local suppliers;
- ii) absence of a culture of excellence in its schools and tertiary- level institutions;
- iii) the volume of entrepreneurship and its creativity are not sufficient to raise the tempo of innovation; and
- iv) misplaced hope by the government on government-controlled corporations (GCCs) to lead growth and innovativeness.

In particular, the role of NEP is heavily criticised as the sole cause for making the universities less competitive.

If the above challenges appears to be technical in nature and hence easily solved, the real headache comes from the inertia of organisational culture embedded within the ruling class who have been rewarded handsomely by the existing institutional arrangements.

For example, why should Perkasa accept any form of change? As one Nobel Prize winner put it: "Individuals know more about the institutions and conventions with which they have lived in the recent past than they know of others by which they might live "(Stiglitz, 1989, p. 26, cited in Platteau, 2008, p. 455).

Precisely as the ruling class is benefiting from the existing set-up that any call to improve economic efficiency falls on deaf ears as seen from the following:

- i) Muhyiddin's outright dismissal of Malott without offering any defence;
- ii) a tainted Isa appointed to head Felda;
- iii) acquisition of six naval vessels at mind-boggling costs; and
- iv) desecration of all forms of political, social and economic institutions yet restored.

So far judging from the regime's track-records, many cannot be faulted for expressing their reservations on the sincerity and commitment of the regime to attain the stated goal. After all, many accept that economic development is a serious business meant for the professionals, not faint-hearted souls (see Lee, 2000).

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.
Source : <http://www.malaysiakini.com/news/157255>