

# From short-term lucre to long-term wealth

The Ninth Malaysia Plan makes a clean break from the errors of the past. Gravy trains for the lucky few are to be replaced with structural change and an equality of opportunity based on merit and need.

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IF there was any doubt that the Prime Minister would not stamp his imprimatur on the most seminal economic document for the next five years, it was categorically and emphatically erased in Parliament on Friday afternoon.

Yes, the Ninth Malaysia Plan (9MP) is not a magic wand for short-term blues. It is not going to reduce the global price of oil; neither will it see the return of the gravy train.

Rather, what we have is a vision, nay "mission", document that sets out key thrusts that will structurally change Malaysia to meet the global challenges of today.

Instead of being held captive to the outmoded thoughts and strategies of the economic bureaucracy, Datuk Seri Abdullah Ahmad Badawi has used the 9MP to add teeth to his reforms.

Instead of relying disproportionately on electronic exports to propel the Malaysian economy, he has made a bold attempt to strengthen several sectors — even those which some dismiss as sunset industries — to ensure that growth is more broad-based and robust.

His belief in an agricultural revolution is beyond mere talk. The budgetary allocation for agriculture and agro-based industries is 70 per cent higher than in the last plan.

Southern Johor will be developed as the most dynamic growth centre for services, offering world-class health, education, retail and commercial facilities.

Industrial clusters in high-end manufacturing and petrochemicals will be set up across the country.

And the twin engines of the new economy — ICT and biotechnology — have been boosted by more focused planning and greater investment in research and development.

But these structural adjustments would be unsustainable if it were not underpinned by significant improvements to human capital development.

This is why education and training are at the heart of the 9MP.

Abdullah's plans for sectoral development will be a



creation of thousands of jobs, and these jobs have to be filled with competitive workers.

There will have to be curriculum changes in schools, better-trained teachers and improvements in educational infrastructure in the rural areas.

Universities can only be apportioned part of the blame for unemployed graduates.

Yes, some courses offered at local universities may not be marketable but the lack of resourcefulness, self-confidence and basic linguistic and analytical skills that is becoming increasingly symptomatic in local graduates stems from the lack of quality education at school.

The best long-term economic policy is education, and if the Government's aspirations for Malaysia to emerge as a centre of excellence in science and innovation is to become a reality, we must start with the basic building block of foundation education.

The 9MP's emphasis on creating a stronger base for the Malaysian economy is more than just insulating the country from exogenous shocks.

Creating industries and sectors other than construction with considerable multiplier effects will mean that the economy can still grow during a global recession when an expansionary fiscal policy or pump-priming may not be an option.

Developing services and the new economy can mitigate periods of low commodity prices. And spending effectively on education and training will bring Malaysia up the value chain and away from the bottomless race of who can provide the cheapest labour.

But these structural changes to the foundations of our economy will also mean that more Malaysians can benefit from

Agriculture is certain to create wealth in the heartland.

Priority for education in the rural areas and Sabah and Sarawak will enable many more students who were born poor to be given the opportunity to live far better lives than their parents.

Funds for small and medium businesses will unlock the entrepreneurial potential for millions hitherto hampered by poor access to capital.

If developing human capital is the heart of the 9MP, levelling gross inequalities is its soul.

Although advocates of globalisation, fund managers, research analysts and the financial Press have repeatedly claimed that the only way forward for Malaysia is to liberalise and do away with our socio-economic policies, Abdullah is saying that growth can come with distribution, even in an age of globalisation.

Excesses of the past do not mean that the New Economic Policy (NEP) and its derivative programmes were failures. On the contrary, it has kept this country together.

The 9MP has brought back the spirit of the NEP by reintroducing targets for corporate equity ownership, not just for Bumiputera, but also for Indians.

It has also recognised that corporate equity ownership alone is not an adequate yardstick of economic progress and has introduced targets for income disparity ratios between ethnic groups and strategies for more equitable physical and intellectual property ownership.

But instead of simply reintroducing targets for ethnic communities, Abdullah has clearly spelt out that distribution of income and opportunities will go to those who deserve it, judged by need and merit.

Gone will be the rentier capi-

of the earlier NEP-type programmes, replaced with capacity-building measures and productive utilisation of opportunities.

The structural transformation of the economy envisaged by the 9MP will not be easy.

Through the fiscal discipline of the last few years, the Government has created a war chest to turn its ideas into reality.

Abdullah has said that resources will be deployed judiciously with the Government getting the most for every ringgit it spends.

So, although cement mixers, cranes and tractors will spring into action all over the country in the next few years, don't expect the Government and, ultimately taxpayers, to get ripped off in the process.

Yes, the private sector will benefit from the largesse of the 9MP, but it ain't the same gravy train. Margins and rates of return for contracts and concessions must be reasonable.

For the 9MP to succeed, the leaks must be plugged.

Success will also depend on political will.

Listening to the Prime Minister's speech, it is clear the 9MP is for the youth of this nation.

Put aside all the immediate projects, loans and incentives of the plan and what are you left with?

You are left with a blueprint not merely for the next five years, but for the next few decades.

By being brave enough to change the fundamental underpinnings of our economy, the Prime Minister has set in motion reforms that will reverberate for generations to come.

It is therefore the hope of the future generation that the Cabinet, members of the civil service and the business community show the same courage and conviction in eschewing short-termism to positively change the future course of Malaysia.

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