

COMMENT: Defining the legacy
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In setting its own path and policies, at times in contradiction to the received wisdom of neoliberalism and so-called international institutions, Malaysia is a source of pride

RECENTLY as reported in Bernama, former Prime Minister Tun Dr Mahathir Mohamad was quoted as saying in a lecture titled Malaysia Moving Forward: Political, Social And Economic Approaches that "Malaysia should not rely heavily on Western ideology but instead come up with its own system" (Malaysia Capable of Having Own Unique System – Tun Mahathir, www.bernama.com/bernama/v6/newsindex.php?id=648426).

Dr Mahathir's speech was widely reported in the media. The arguments he made, seem to this writer, still prescient and relevant to debates on Malaysian economic, social and political policy.

Often criticised in the West for policies that did not acquiesce to Western interests, especially in the economic realm, the reality is that the Prime Ministership of Dr Mahathir was a period of general high economic growth and, on the whole, social stability.

It seems that the basis of this growth and stability was a recognition that Malaysia must develop policies that suit and benefit its interest and advance the cause of development with due consideration of the specific nature of Malaysian society and economic needs.

The classic example of how this principle was enacted in the economic realm was in regard to Malaysia's response to the Asian economic crisis.

Malaysia went against the advice and opinions of neoliberal orthodoxy and the result was that it was spared the worst of this crisis.

The crisis of 1997-1998 was not, as is often argued, a result of excessive cronyism (pointing this out in no way justifies such practices).

The crisis was far more importantly a result of "systemic factors exacerbated by financial liberalization" (K. S. Jomo, Mahathir's Flawed Economic Policy Legacy, www.jomoks.org/research/other/rp003.htm, page 5).

Jomo makes the point clearly in regard to the Malaysian response to the 1997-1998 East Asian Crisis. He writes: "It has become popular to blame the 1997-98 East Asian crises on cronyism and other related abuses in the region.

"However, despite the obvious popular appeal of such attribution, it lacks sound analytical and empirical bases, although these problems undoubtedly exacerbated the region's problems and compromised policy responses to them.

"Failure to recognise the true roots of the crises runs the risk of not learning lessons from the calamity. Policy responses failed to address the deteriorating situation and even exacerbated the downturn.

“Even now, it is not generally acknowledged that the crises were due to systemic factors exacerbated by financial liberalisation.”

Pointing to the fact that a large part of Malaysia’s ability to weather economic storms has been its willingness to flout neoliberal orthodoxy and buck the trend of advice from authorities such as the International Monetary Fund and World Bank is, I guess, not news to anyone.

However, it does point to the continued significance of the sentiment expressed in Dr Mahathir’s speech.

In previous columns, I have argued that a balanced approach to Malaysian social, economic and educational policy requires an understanding of the nature and problems that can stem from horizontal inequality and the need to balance Malaysia’s desire to compete on the world educational stage with the need to ensure that educational institutions do not return to a situation where they exacerbate horizontal inequality and social division.

Getting the balance right, as I have argued previously, is the key. For example, there are good reasons to address some of the negative consequences of policies designed to redress horizontal inequality.

However, arguing this policy position which is captured neatly in the New Economic Model’s recognition of the need to affirm “market friendly affirmative action” is not the equivalent of accepting the neoliberal prescription for Malaysia, whether it be in the economic field or the educational one.

The relevance of Dr Mahathir’s comments cited above points to the continued importance within public policy of getting the properequilibrium between states and markets.

The capability of nation states to pursue policies that are distinctive and balance the pressure of global economic realities with national needs and aspirations is critical.

This issue of balance and the need to be able to articulate economic and social policies based on important national considerations is, of course, not limited to Malaysia.

The need for developing countries to pursue policies that address their unique requirements entails recognising that not all the ideas for economic and social reform that stem from so called international bodies are necessarily good for developing countries.

In this column, I have tried to argue that the principal of pragmatically assessing the suitability of foreign ideas to the Malaysian context ensures that we do not blindly accept everything that Western and international institutions suggest.

As always, there is a need to advance the specific agenda of Malaysia’s national interest. This principle of ensuring that we do not simply swallow uncritically the prescriptions of international financial bodies is also of significance to developing nations as a whole.

The fact that Malaysia has provided leadership in articulating this balance and in insisting on setting its own path and policies, at times in contradiction to the received wisdom of neoliberalism and so-called international institutions, is something that can genuinely be a source of pride. This legacy is an important one.

The leadership role that Malaysia has taken in showing that economic independence and national intent can still be articulated even within an international system dominated by finance capital and global financial agencies is no small matter.

Its significance will not fade.

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