

Economic prescription from the doctor

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KUALA LUMPUR, July 7 — Malaysia should rid itself of bureaucracy and handouts in the wake of integrating in the Asean Economic Community (AEC).

Those were Tun Dr Mahathir Mohamad's main concerns, expressed during an interview with *Malay Mail*.

He compared Malaysia's unique prowess in industrialisation to the entire Asean region's dependency on cheap labour, but pointed out that Malaysia had to rethink some of its policies.

When asked by *Malay Mail* what economic policies should be prioritised in view of the AEC, "less bureaucracy, a relook at agriculture and stopping brain drain" were most salient in his view. He also hinted at handouts as an economic negation.

In his opinion, Malaysians should not depend on handouts, stating that he did not "believe in giving people money" while lambasting the impact of "bureaucracy which is terrible and can cause delays".

"I do not believe in giving people money. Malaysians can survive, because they are talented. Instead of giving out money which does not contribute to the economy, they should be trained in specific fields," Dr Mahathir emphasised.

These are things that should be corrected in Malaysia for the country to go even further in its drive to beat the competition.

According to Dr Mahathir, Malaysia was ahead in terms of industrialisation, which is recognised for its superior capabilities compared with the entire region.

Singapore has entrenched itself in developing a high-end information technology industry, due to its geographical location, but Malaysia has moved far ahead from bigger countries in Asean.

From January to April this year, Malaysia's industrial production index expanded 4.6 per cent compared with the same period in the previous year.

The expansion was contributed by the increase in all indices, with manufacturing posting 6.2 per cent, mining 0.7 per cent and power 4.2 per cent.

Projects approved by major industry sectors in Malaysia from January to March are chemical and chemical products (RM6.6 billion), electronics and electrical products (RM4.4 billion), basic metal products (RM2 billion), food manufacturing (RM738

million), transport equipment (RM705 million), rubber products (RM553 million) and petroleum products (including petrochemicals) (RM455 million), showing the importance of the industrial sector in the country's economy.

Malaysia's edge in the competition with Asean was the move from labour-intensive industries to sophisticated high precision industrial output, Dr Mahathir said.

"We are industrialised, the 'young tigers' are dependent on cheap labour and on simple assembly processes. They do not do design, R&D," was his analogy of Vietnam and Cambodia's rise as the young economic tigers in the region.

Drawing the parallel with Malaysia's entry into high-tech industries, Dr Mahathir was of the view that the country had graduated to high quality products, higher grade technology "for Malaysians to earn higher income".

On the brain drain, Dr Mahathir's perspective was that despite the damage control exercised by the government, Malaysia was "still being robbed of its expertise, with highly skilled workers in specific areas of the industrial sector seeking higher salaries abroad".

He was not talking of the basic industrial workforce, but of Malaysians of high grade expertise attracted to the prospects of better paid jobs in other countries.

"We should stop losing expertise to Asean and other countries," he said.

He also spoke of other worries, including the current government's tendency to seek popularity in implementing popular measures.

One of these policies was to grant the wishes of the people to have cheap, quality products which, in turn, put pressure on the authorities to boost imports.

As a substitute to massive imports, the authorities should throw in stimulants to encourage local production, which would provide employment to locals.

He said to achieve this, proper training should be provided as well as policies implemented to get industries to implant themselves in Malaysia and not just investment in buildings, but developmental complexes that brought expertise.

Dr Mahathir disagreed with policies that allowed foreign investment in the housing sector, which did not bring any benefit to the country though money was flowing in freely.

He suggested that Malaysia enhance its local industries, bringing them to higher levels.

"Some people may say that I am trying to bring back my old policies, but these are still relevant and would bring jobs to our experts," he said.

Dr Mahathir advised that Malaysia must be careful not to lose jobs or investment opportunities because of a lack of investors in the high-tech sector.

However, he insisted that Malaysia should look again at its agricultural policies.

“Even though we moved on from agriculture, we must realise that this is a very important industry that can help boost the local supply chain,” he said.

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