

Blame Malaysia's woes on Najib and Mahathir, says author
Free Malaysia Today
July 19, 2017

Saying both squandered the opportunity to do away with 'apartheid economics,' William Pesek warns that unless the 'unaccountable political system' changes, Malaysia risks experiencing a lost economic decade.

KUALA LUMPUR: Malaysia's unenviable state today is due both to Prime Minister Najib Razak and former prime minister Dr Mahathir Mohamad, says writer William Pesek.

Writing in Asia Times, Pesek says Dr Mahathir wasted an opportunity to do away with the "apartheid economics undermining productivity and entrepreneurship" while Najib promised reform but made things worse.

Pesek says: "Najib deserves lots of blame for today's traumas, including controversy surrounding the 1Malaysia Development Bhd state fund he created in 2009."

After talking about 1MDB, Pesek says: "The fiasco is but one example of how Najib's 3,029 days in office have been a reform dead zone. The biggest problems facing Malaysia in April 2009 -- opacity and affirmative-action quotas that scare off foreign investment -- are even bigger now."

The affirmative policy, introduced by Najib's father and former prime minister Razak Hussein in 1971, gives preferential treatment to the Malay majority for jobs, education and government contracts.

"Najib pledged to dismantle the system to increase competitiveness and boost innovation. Instead, he cemented it. As Indonesia and the Philippines march forward, Malaysia is, at best, walking in place."

The author of *Japanization: What the World Can Learn from Japan's Lost Decades*, claims that Najib's response to accountability and crises is to "circle the wagons" and, ironically, borrow from Dr Mahathir's playbook.

"Step one: pretend you are a victim and play the blame game. Step two: play the patronage card to buy loyalty within the United Malays National Organisation, which has ruled the nation for seven decades."

But, says Pesek, Mahathir deserves considerable blame, too.

“Imagine for a moment, though, where Malaysia might be if Mahathir hadn’t waged a war against George Soros, and capitalism itself, decades ago at the expense of forward motion.

“Yes, the capital controls and currency peg averted financial disaster. In 1998, the International Monetary Fund derided the moves as ‘retrograde’. By 2002, the IMF changed tack, calling them a ‘stability anchor’.

“But Malaysia stuck with these acute-care measures too long, deadening its animal spirits.”

Pesek thinks Mahathir should have used the turmoil of that period to do away with “the apartheid economics undermining productivity and entrepreneurship”.

He says Mahathir’s battle with Soros and his fellow currency speculators was an epic distraction. He adds that once the crisis ended, Mahathir rested on his laurels rather than getting under the economy’s hood.

“By not modernising Umno and affirmative-action policies when he had the chance, Mahathir bears responsibility to limiting the ability of opposition parties to challenge Putrajaya.”

Pesek, who used to write for Bloomberg, notes that Dr Mahathir is now trying to unseat Najib, and that the former has ganged up with former arch foe Anwar Ibrahim.

He warns that “until an unaccountable political system musters the courage to change, the odds of Malaysia experiencing a lost economic decade will rise no matter who wins this brawl”.

Copyright (C) 2009-2016 MToday News Sdn. Bhd. All Rights Reserved.

Source: <http://www.freemalaysiatoday.com/category/nation/2017/07/19/blame-malaysias-woes-on-najib-and-mahathir-says-author/>