

The Marks of Mahathir

Many national projects and policies bear the unmistakable stamp of Dr Mahathir. They are a testament to his great ideas and vision.

By Norsiah Nurani

NO one can dispute the progress Datuk Seri Dr Mahathir Mohamad has brought to Malaysia and its people during his 22 years at the helm. Under him, the country has achieved a level of prosperity and modernisation that has gained the respect of both the developing and industrialised worlds.

Dr Mahathir saw to the transformation of Malaysia from a sleepy rubber and tin producer to an Asian tiger entrenched in manufacturing and heavy industries following his industrialisation push. As for wealth levels, per capita incomes have tripled to RM14,877 in 2002 from RM4,630 in 1982, while the poverty rate has dropped to 5% of households from more than 35% in 1982.

Malaysia's rapid development has won Dr Mahathir admirers, locally and abroad, although some of his economic and business policies sparked off criticism from many quarters. But it was these policies

that took Malaysia to where it is today.

The Look East policy was implemented in the early part of Dr Mahathir's reign to encourage Malaysians to also look East and learn from Asia's major economic powers, Japan and South Korea.

He introduced the privatisation policy and the Malaysia Incorporated concept to accelerate the pace of economic development. In many instances, privatisation has led to corporate expansion and greater utilisation of growth opportunities through private-sector motivation.

Some of these privatisation jobs are seen in the many infrastructure projects around the country today that have his name stamped on them, including the Penang Bridge, North-South Expressway and Port of Tanjung Pelepas, to name a few. He is also credited with mega projects such as Putrajaya, the Petronas Twin Towers, KL International Airport, Sepang F1 Circuit and the Bukit Jalil Sports Complex.

Dr Mahathir's ambitious programme,

Vision 2020, which entails a transformation of the country's socio-economic landscape to that of a developed nation by 2020, has been studied by many countries and copied by some. The Multimedia Super Corridor is another of his brainchild to leapfrog Malaysia into the Information Age.

Among his more recent – and controversial – policies is the imposition of selective capital controls in 1998, a pragmatic and bold response to the financial crisis enveloping the region then. The move is credited with helping to pull Malaysia out of the economic malaise and putting it on the road to recovery.

We present here some of Dr Mahathir's economic and other achievements.

CAPITAL CONTROLS AND THE PEG

Of all of Dr Mahathir's controversial economic policies, the selective capital controls imposed on Sept 1, 1998 must surely count among the most important.

Tracing the ups and downs in Datuk Seri Dr Mahathir Mohamad's life

Dec 20, 1925 Born to Mohamad Iskandar, a headmaster, and Wan Tempawan Wan Hanafi in Alor Star

1930 Has his early primary school years at Malay School Seberang Perak, Alor Star



1942-1945 Dabbles in small business selling coffee, fruits and handicraft in Pekan Rabu, Alor Star, during the Japanese and Thai occupation of Kedah

1945 Completes his Senior Cambridge examinations at the Sultan Abdul Hamid College, Alor Star

1946 Joins Umno as an ordinary member

The sweeping changes adopted dissociated Malaysia from world financial markets and curbed speculation on the ringgit via limited currency movements and pegging of the ringgit to the US dollar.

The policy helped insulate the domestic economy from the raging external turbulence and provided it a much-needed breathing space. It allowed the government to ease interest rates and raise domestic demand without destabilising the ringgit further. Indeed, it helped put Malaysia on the recovery path after the crippling effects of the Asian financial turmoil in 1997.

Foreign exchange stability also helped the government to implement other policy reforms including recapitalisation of banks, restructuring of the corporate sector and formulation of an economic stimulus package.

Though the tough measures flouted economic orthodoxy and sparked intense denigration from local and western sceptics, their positive effects on the economy later vindicated Dr Mahathir. The international community, including the International Monetary Fund, finally got around to Malaysia's way of thinking. Even George Soros, the US financier whom Dr Mahathir had identified as one of the major currency speculators causing problems to national economies, appeared to have accepted his views.

At home, local manufacturers and businesses were thankful for the capital controls as it reduced the risk of doing business.

Immediately after taking over the finance portfolio from the then Deputy Prime Minister Datuk Seri Anwar Ibrahim, Dr Mahathir wasted no time in putting together a national economic recovery plan formulated by the National Economic Action Council (NEAC). The plan had the

objectives of stabilising the ringgit, restoring market confidence, strengthening economic fundamentals, maintaining financial market stability, revitalising affected sectors and continuing with the equity and socio-economic agenda.

PRIVATISATION

Privatisation is one of the hallmarks of the Mahathir era. The privatisation programme was first announced as a national policy in 1983 and represented a new approach in the National Development Policy, which complemented other policies such as the Malaysia Incorporated concept, developed to underscore the increased role of the private sector in economic development.

The approach signalled the government's intent to cut its presence in the economy, decrease the level and scope of public spending and allow market forces to facilitate economic growth.

By and large, Malaysia's privatisation has notched considerable success. While expediting infrastructure development, it has essentially created thousands of employment opportunities, generated multiplier effects and deepened the stock market through new listings. It also served as a vehicle to correct imbalances in the corporate sector by enhancing Bumiputera involvement. This has spawned a new class of Bumiputera entrepreneurs, though Dr Mahathir has lately been critical of those who have become too dependent on government handouts.

During the Seventh Malaysia Plan, over 200 government-owned enterprises and projects have been transferred or redirected to the private sector, which resulted in savings of RM49.3 billion in capital expenditure. Proceeds from the sale of equity and assets totalled RM4.4 billion.

This allowed the government to allocate more funds for social services including education and health.

Among the earliest mega privatisation projects was the RM6.4 billion North-South Expressway, awarded to United Engineers (M) Bhd in 1988. The 797km highway snaking the length of the peninsula was completed ahead of schedule, linking 40 major cities and towns and spurring economic development in the areas. Other projects included Telekom Malaysia Bhd, Tenaga Nasional Bhd, ports, airports, the national airline, the car projects, power, water supply, telecommunications, sewerage, transportation and postal services.

However, the privatisation policy also has its critics. Complaints were hurled at some service-oriented privatised entities including telecommunications stalwart Telekom and utility giant Tenaga Nasional. It was said that although the two companies have become more entrepreneurial and business-oriented in outlook and approach after privatisation, their services still leave much to be desired.

INDUSTRIALISATION

The shift from a predominantly agriculture- and tin-based economy to a heavy industrial one began in earnest in 1981 when the government promoted the sector under the Fourth Malaysia Plan (1981-1985).

The labour-intensive industries have been replaced with capital-intensive and high-tech industries. This transformation to heavy industries should also be attributed to Dr Mahathir.

To spearhead the development of heavy and technology-intensive industries, the government formed Heavy Industries Corp of Malaysia Bhd (Hicom) in 1980.



1946 Gains admission to the King Edward VII College of Medicine in Singapore. The college later becomes the University of Malaya

1952 Graduates with an MBBS from the University of Malaya in Singapore

1953 Becomes a medical officer with the Kedah State Government.

Becomes the first Malay doctor in Alor Star

1956 Marries Siti Hasmah Mohd Ali, his coursemate at King Edward VII College of Medicine

1957 Sets up his private medical practice,

Maha Clinic, with his wife in Alor Star

1964 Contests and wins the parliamentary seat of Kota Star Selatan in Kedah, defeating Mohd Shaari Abd Shukur of Pas

1965-1969 Elected Umno Supreme Council member

May 1969 Fails to defend his

Its agenda included a billet plant, aluminium smelter and downstream fabrication, cold roll mill, motorcycle engines, agricultural tractors, cement plant and petrochemical industry.

By early 1991, Hicom had set up 11 projects: steel billet plant, the national car plant and its distribution company, realty development companies, a cement plant, three small engine plants and a pipe manufacturing plant. The most celebrated of these projects is the national car project, a collaboration between Hicom and Mitsubishi Corp of Japan to manufacture, assemble and sell motor vehicles and related products.

The company rolled out its first car, the Proton Saga, in July 1985. The joint venture with the Japanese is part of the Look East policy and Hicom's activities were meant to emulate the industrialisation development in Japan and Korea. Today, Proton enjoys a market share of some 65% locally and currently exports to more than 50 countries including the United Kingdom, Germany, Australia, Egypt and Kuwait.

Proton is a Malaysian success story but it must be pointed that its performance is helped by the high tariffs imposed on foreign cars that rendered them much more costly. The test for Proton would be in 2005, when most tariffs on regional goods are to be lifted under Asean Free Trade Area rules.

Dr Mahathir was also instrumental in the development of the oil and gas and petrochemical industries. The integrated world-class liquefied natural gas complexes in Bintulu now form the world's largest LNG production facility at a single site. National oil corporation Petronas has also been making waves in the global oil and gas sector and has investments in about 30 countries.

THE MAHATHIR YEARS: POLICIES

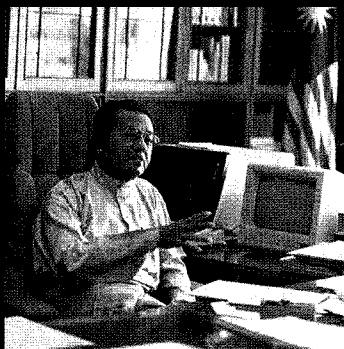
POLICY	EVENT	YEAR
Heavy Industries Corp of Malaysia (HICOM)		1980
Buy British Last		1981
Look East Policy	5th Joint Annual Conference of MAJECA/JAMECA	1982
Clean, Efficient and Trustworthy	Basis of the Leadership By Example campaign launched on March 19, 1983	1982
Antarctica	37th United Nations sitting	1982
	Non-Aligned Movement summit	1983
70 Million Population Policy	Umno General Assembly	1982
Policy to Reduce Public Spending Burden		1982
Malaysia Incorporated	Intan Forum (that led to the Privatisation Policy)	1983
National Industrialisation Policy	Launching of Industrial Master Plan	1983
New Approach to Village and Rural Development	Mid-term assessment of 4th Malaysia Plan	1984
National Car Project		1985
National Science and Technology Policy		1986
Vision 2020	Tabling of a working paper on Vision 2020	1991
National Development Policy		1991
East Asian Economic Caucus (EAEC)		1994
Multimedia Super Corridor		1996
Selective Capital Controls		1998
Smart Schools Pilot Project		1999
Vision School Complex		2002

VISION 2020 AND THE MULTIMEDIA SUPER CORRIDOR

In 1991, Dr Mahathir launched an ambitious programme to set the country's

strategic direction for the next 30 years, by which time Malaysia would achieve developed-nation status.

Dr Mahathir sees the need to drive the



parliamentary seat, which falls to Yusof Rawa of Pas

Sept 1969 Expelled from Umno after attacking the Prime Minister, Tunku Abdul Rahman, in an open letter alleging neglect of the indigent Malay community

1970 Writes the *Malay Dilemma* during his two years in the political wilderness. Its central thesis is

that the Malays were marginalised during the colonial era

March 1972 Re-admitted into Umno by Tun Abdul Razak, second Prime Minister of Malaysia

June 1972 Wins an Umno Supreme Council seat with the

highest number of votes but loses in the election for vice-president



THE MAHATHIR YEARS: PROJECTS

YEAR	EVENT
1982	The KBSR (Primary) & KBSM (Secondary) are introduced
1995 1996	Launch of country's communication satellites - MEASAT I - MEASAT II
1993	Production of light aircraft Eagle X-TS
1994	Launch of National Planetarium
1996	Announcement of construction of new Federal administrative centre of Putrajaya
1998	Opening of KLIA
Oct 1, 1996	Official opening of KL Tower, world's third largest telecommunications tower
1982	Construction of the East-West Highway
Sep 14, 1985	Opening of the Penang Bridge
2003	National Astronaut Project
1989	National Heart Institute is set up. Begins operation in July 1992 as a government hospital and corporatised in September 1992
1991	LIMA is launched
Aug 26, 1999	ITM is upgraded to UiTM
Mar 9, 1999	Official launching of the Sepang F1 Circuit

outcome of these efforts is to transform Malaysia into an IT hub to attract international companies to set up their regional headquarters here and establish a global network of manufacturing and management activities.

To date, the MSC hosts some 1,000 multinationals, both foreign-owned and local companies focusing on multimedia and communications products, solution, services and research & development.

The MSC is Malaysia's version of the Silicon Valley and it encapsulates seven flagship applications to jumpstart its development and growth. These are e-government, smart school, multi-purpose card, tele-health, R&D clusters, e-business and technopreneur development.

In its centre are two developments of intelligent cities – Putrajaya, the new federal administrative capital, and Cyberjaya. Built in the heart of the MSC, Cyberjaya is a residential and business community complete with smart homes and smart schools. By the end of this year, the number of MSC-status companies in the city is expected to rise to over 140.

INFRASTRUCTURE DEVELOPMENT

A lasting achievement that will carry Dr Mahathir's stamp are the infrastructure projects and physical landscape undertaken during his tenure. Although these mega projects were criticised for bordering on the grandiose, they have nevertheless put Malaysia on the global map.

Foreign visitors as well as locals are in awe of the magnificent 88-storey Petronas Twin Towers, which lay claim to the title of world's tallest twin towers. It took over from Sears Tower in Chicago. The Taipei 101 office building, at 508 metres, is now the tallest building in the world.

The Petronas Twin Towers form part

economy towards higher productivity through technology and high value-added economic activities. The successful implementation of the National Development Policy marks the first phase of Vision 2020. The second phase will be led by the National Vision Policy.

Vision 2020 sets out to double Malaysia's gross domestic product (GDP) every 10 years so that by 2020, GDP will be eight times larger than the 1991 figures. This requires an average growth rate of 7% per year over the coming decades.

Under the plan, the government will adopt economic policies including in-

creased privatisation, deregulation and liberalisation, encouragement of foreign investment inflow, controlled inflation and a push for industrialisation and information technology. The objective is also to develop a knowledge-based economy to sustain rapid economic growth and enhance international competitiveness.

Central to this strategic transformation plan is Dr Mahathir's brainchild, the Multimedia Super Corridor (MSC), a designated zone measuring 15km by 50km that stretches from the Kuala Lumpur City Centre down south to the KL International Airport in Sepang. The long-term

Dec 1972 Appointed Senator by the Kedah State Legislative Assembly

1974 Wins the parliamentary seat of Kubang Pasu uncontested. The seat becomes his political heartland - he wins easily in all subsequent general elections

1974 Appointed Education Minister by Tun Razak

June 1975 Elected as one of the three vice-presidents of Umno

March 1976 Appointed Deputy Prime Minister by Tun Hussein Onn, Malaysia's third Prime Minister, in addition to his Education portfolio

Dec 1977 Relinquishes



the Education portfolio for that of the Ministry of Trade and Industry

June 1981 Confirmed as Umno's fifth president at the 32nd Umno general assembly when he wins the post uncontested. Datuk Musa Hitam is elected the party's new deputy president

of the multi-billion Kuala Lumpur City Centre (KLCC) project, which is one of the largest real estate developments in the world. This, according to Dr Mahathir, is another step towards achieving the government's objective of transforming the country into a developed nation by 2020. Dr Mahathir described the KLCC as 'visionary' and one that enabled Kuala Lumpur to join the ranks of other international metropolises.

The new federal administrative capital at Putrajaya is another grandiose landmark which has the mark of Dr Mahathir written all over it. Built on a 4,581-hectare site, the entire project is estimated to cost RM20 billion and is scheduled for completion in 2010.

The RM9 billion KL International Airport in Sepang is another milestone for Malaysia's air travel industry. Themed an 'Airport in the Forest', the KLIA acts as a bonus and catalyst to promote tourism as well as trade and investment.

Other notable landmarks under Dr Mahathir's reign are the Malaysia Liquefied Natural Gas complexes in Bintulu, the Penang Bridge and the Second Link to Singapore.

INTERNATIONAL EVENTS

Over the last decade, Malaysia has played host to several important international conferences and exhibitions, summits and sporting events. These include the biennial Lima (Langkawi International Maritime and Aerospace) exhibition, the Commonwealth Games in 1998, the Non-Aligned Movement summit earlier this year and the 10th OIC summit last month.

The successful organisation of these mega events has won praise for the country's ability to stage international events, not to mention offer world-class

facilities and services. But the most important outcome is that these events have put Malaysia on the world map and are considered as one of the best ways to present the country abroad.

Of all these events, one that should be credited directly to Dr Mahathir is Lima, which he hopes will propel Pulau Langkawi as a maritime and aviation trade centre. Under his guidance, the event has become one of the world's premier aerospace and maritime exhibitions.

It also underscores the strategic importance of the two industries to the country and the world. Malaysia is fast becoming self-reliant in the industries. Since its inaugural show in 1991, Lima has attracted tremendous response from global maritime and aviation companies.

The statistics say it all. From the participation of 238 companies from 15 nations in 1991, the latest exhibition held this year attracted 800 companies from 25 countries, with over RM1.1 billion worth of deals sealed.

The hosting of the 13th NAM summit earlier this year and the just ended Organisation of the Islamic Conference summit has made Malaysia well-regarded and respected. NAM is the largest organisation outside the United Nations with 116 members. The summit is held every three years. Not only was Malaysia host, it will also hold the chair for three years until 2006. Malaysia had in the past hosted the Apec Leaders' summit in 1998 and the Commonwealth Heads of Government Meeting in 1989.

In sports, Malaysia successfully organised the 16th Commonwealth Games in 1998, the first to be held in an Asian city, and the annual Formula One grand prix, though Malaysia's hosting of

these events had sparked debate among various quarters which questioned its objectives and benefits.

SETBACKS

As much as Dr Mahathir has been instrumental in the successful implementation of major projects, facilities and businesses, not all have borne positive results. A major setback was the financial troubles of Perwaja Steel Sdn Bhd, established as a cornerstone of his policy of having state-owned companies move into heavy industries, which include steel, cement and automotive manufacturing, in the early 1980s.

Perwaja started as a US\$465 million joint venture between the then state-owned Heavy Industries Corp of Malaysia Bhd (Hicom) and Nippon Steel Corp. In an exclusive interview with *Bernama*, Dr Mahathir admitted to the failure of Perwaja but said it was not really a mistake. 'It failed not because the idea was bad but because the people who were supposed to implement it failed. It is not the idea that is wrong but the failure of management.'

There are several other projects that have returned to government hands after a bad spell under the private sector, including sewerage company Indah Water Konsortium Sdn Bhd (IWK) and the two light rail transit (LRT) systems - Sistem Transit Aliran Ringan (Star) and Projek Usahasama Transit Aliran Ringan (Putra). The Minister of Finance Inc bought the outstanding debts of Star and Putra for RM5.5 billion in late 2001. Similarly, IWK has been renationalised.

In all these mistakes, the projects were not properly managed. While the aim of privatisation was noble, those entrusted with the job had failed the government. **mb**

July 1981 Becomes the fourth Prime Minister of Malaysia as well as Minister of Home Affairs

Oct 1981 Announces the *Buy British Last* campaign. All government departments and agencies have to get the endorsement of the Prime Minister's Department before they can award any tender to a British company



Dec 1981 Peninsular Malaysia switches over to the Sabah and Sarawak time zone at 11.30pm and moves into the new year half an hour earlier

Jan 1982 Introduces the clock-in punchcard system for civil servants with the aim of increasing efficiency and productivity

June 1982 Cuts his salary by

RM1,000 under the government's austerity drive during the global recession

June 1982 All civil servants in uniform and those who have direct dealings with the public are required to wear name-tags

Feb 1983 Bridges the gap between the public and private sectors by introducing Malaysia