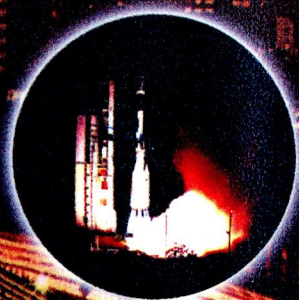


MALAYSIA'S VISION 2020

UNDERSTANDING THE CONCEPT,
IMPLICATIONS & CHALLENGES

Edited by
AHMAD SARJI



Multimedia Super Corridor
PELANDUK PUBLICATIONS

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PUSTAKA PERDANA



1001674

Published by
Pelanduk Publications (M) Sdn. Bhd.,
24 Jalan 20/16A, 46300 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Address all correspondence to
Pelanduk Publications (M) Sdn. Bhd.,
P.O. Box 8265, 46785 Kelana Jaya,
Selangor Darul Ehsan, Malaysia.
e-mail: *pelpub@tm.net.my*

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Prime Minister's Department, Kuala Lumpur.
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form or by any means without prior permission from the Publisher.

1st printing 1993
2nd printing 1994
3rd printing 1997 (revised)

Perpustakaan Negara Malaysia Cataloguing-in-Publication Data

Malaysia's vision 2020: understanding the concept,
implications and challenges / introduction by
Ahmad Sarji Abdul Hamid.
Includes bibliographical references.
ISBN 967-978-471-1
1. Wawasan 2020—Congresses. 2. Economic forecasting—
Malaysia—Congresses. 3. Malaysia—Economic policy—
Congresses. 4. Malaysia—Forecasting—Congresses.
I. Malaysia. Unit Penyelidikan Sosio Ekonomi. II. Title.
338.95950112

Printed in Malaysia by
Percetakan CS

338.959
MAL

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Introduction

Understanding the Concept, Implications and Challenges of Malaysia's Vision 2020

Abmad Sarji Abdul Hamid

Malaysia has come a long way since its first five-year socio-economic plan which sets the direction and pace for national development. Guided by its success in implementing the subsequent five-year plans as well as the New Economic Policy which spanned a twenty-year period since 1970, Malaysia has now moved on to a new and more challenging phase in nation-building. Today, Malaysia is guided by Vision 2020. Vision 2020 envisions Malaysia as a fully developed nation by the year 2020, developed not only economically but also politically, socially and spiritually.

A shared vision is indeed a critical prerequisite for successful nation-building. A vision is a mental image of a future state of being which can be clearly perceived to be better or more attractive than the present state. It acts as a desirable goal or ideal, seen as worthwhile to work towards. It gives an insight into the direction which a nation needs to move, just as an identified destination gives direction to a journey. A well-defined vision gives focus and direction to the formulation of current programmes and in



turn links current actions to the achievement of future goals. A shared vision acts as a magnet by pulling together the diverse forces of a nation towards a common pole. It should therefore be inspirational and help to establish a common national aspiration. Nations whose people are not bound together or led by a common vision have been known to flounder like rudderless ships at sea. In the process of building a nation, therefore, a key task of the leadership is to establish a common or shared vision.

Malaysia has been fortunate in this respect. It has leadership with the foresight and courage to set a long-term vision which acts as the rallying point for the nation as a whole. Vision 2020 can be said to have captured the imagination of the Malaysian people as a desirable goal to work towards. At the same time, it is not just a grandiose dream. It is a realistic programme which draws on past achievements and known potentials of the nation and provides the right impetus for national development in the current, turbulent era.

However, the process of translating the Vision into reality needs to be addressed effectively. This process must allow for discussion and exchange of views and opinions on the various aspects involved. This is essential to ensure that the concept of the Vision, the benefits to be accrued from the achievement of the goals therein and the means of achieving these goals are well understood by all. At the same time, discussion ensures that a variety of perspectives, experiences and expert opinions revolving around the matter are gathered and taken into consideration to fine-tune the concept and the means to achieve the desired goals. Consultation and discussion are also invaluable for gathering widespread consensus and support for the common mission through the participation and active involvement of various interest groups whose support is crucial to the successful implementation of the strategies and programmes involved. The process of garnering support and commitment to the Vision works on the realm of the mind and the imagination, where inspiration and persuasion become the key to overcoming mental barriers rather than coercion. In Malaysia, such a process of consultation and discussion has gathered momentum.

Much of the discussion generated revolves around the need to effectively address the nine major challenges which need to be met on the journey towards achieving Vision 2020. These challenges range from the need to establish an economy that is competitive, dynamic, robust and resilient to the evolution of a united Malaysian society that is democratic, just, moral, liberal, peaceful and progressive. These challenges pertain to several major fronts as well as new frontiers covering the political, economic and social realms. This presents a multifaceted and demanding agenda for change and action, one which certainly cannot be addressed effectively by any individual group. A well co-ordinated and orchestrated plan of action is *sine qua non*.

Malaysia's Vision 2020: Understanding the Concept, Implications and Challenges is one such effort where the process of consultation has been initiated and where various key issues involved in the move towards Vision 2020 have been identified for discussion. It contains valuable insights into the nature of the concept of Vision 2020 as seen by the architect of the Vision himself, namely, Dr Mahathir Mohamad, the Prime Minister of Malaysia. Chapter 1 encapsulates the views and comments of the Prime Minister on the Vision, which is further revealed and explained through his answers to the questions posed to him by various prominent personalities from the public and private sectors. Through these, readers will be able to get a more in-depth understanding of what Vision 2020 stands for and the plethora of issues to be addressed by the nation in striving towards this Vision.

These issues have also been posed to prominent members of the public sector, the private sector, the academia and other interest groups to ensure that they are perceived and evaluated from different points of view. This book contains the views, opinions and recommendations of a variety of high-level representatives of the public sector, the private sector as well as the academia on issues such as the achievement of the desired economic growth, the enhancement of science and technology and human resource development.

One critical factor for success in making Malaysia a fully developed nation by the year 2020 will be the achievement of a

high level of economic growth. The targets for economic growth which will act as forerunner and set the overall pace are embodied within the Second Outline Perspective Plan, 1991-2000 and the Sixth Malaysia Plan, 1991-1995. The Second Outline Perspective Plan and the Sixth Malaysia Plan are important blueprints for translating the broad and general policies of Vision 2020 and the National Development Policy into tangible programmes and achievements within the coming years. In Chapter 2, Encik Abdul Ghafar Baba, the Deputy Prime Minister, addresses the various policies and programmes which need to be implemented to ensure the achievement of the given goals. Mohd Sheriff Mohd Kassim, the Secretary-General of the Ministry of Finance, explains the linkages among the Second Outline Perspective Plan, the National Development Policy and the Sixth Malaysia Plan and how these in turn fall into place in the move towards the goals of Vision 2020. Mohd Sheriff provides data on the major macro as well as sectoral development targets established under these plans in Chapter 3. He also highlights the strategies and programmes which will be implemented to ensure the necessary structural transformation and growth of the economy while at the same time meeting the distribution and equity objectives and aspirations of the nation. Growth with equitable distribution of economic opportunities and wealth remain the key objectives of development policy in Malaysia.

Both the Second Outline Perspective Plan and Sixth Malaysia Plan established a high-growth target. To put Malaysia on the right track to achieve the goal of a developed nation, the country's economy will need to grow at an average rate of 7.0 per cent per annum in real terms over the Second Outline Perspective Plan period. Growth will be achieved mainly through accelerated industrial development and an export-based manufacturing sector. Implicitly, the private sector continues to be the engine of growth in the economy. The high-growth strategy is projected against a scenario of high rates of domestic savings, private investment and rapid growth of exports. Constant monitoring of the situation, both domestic and external, and quick responses through appropriate measures such as trade,

tariff and fiscal policies will need to be undertaken to ensure the achievements of the planned targets in these areas. At the same time, the high-growth strategy will need to be tempered with appropriate counter strategies to combat inflationary pressures and prevent overheating of the economy due to strong aggregate demand. Associated problems such as the tightening of the labour market and rising wages will also need to be addressed.

The export-led growth of the economy and Malaysia's intent to enter global markets will face increasing pressures from the overall tendency towards regionalism and protectionism as evidenced by developments in North America and Europe. Although protectionist pressures have led to new initiatives in multi-lateral trade negotiations within the General Agreement on Tariffs and Trade's Uruguay Round, continuous initiatives in this area are called for. At the same time, in the light of the sluggish growth of the North American and European economies, Malaysia will need to explore new avenues of trade. Malaysia's success in making significant inroads into the high-potential markets of Eastern Europe, China and other non-traditional markets will depend greatly on the aggressive initiatives of the private sector. On the whole, the private sector will need to be efficient and willing to take bigger risks and new approaches to revitalize corporate performance. It would need to match the competitive advantages of its global rivals, rationalize product lines to capture global economies of scale, improve the quality of products and accelerate research and development to produce new product lines.

These and other major economic issues are covered in Chapter 8 by Ali Abul Hassan Sulaiman, the Director-General of the Economic Planning Unit of the Prime Minister's Department. Dr Lin See-Yan, the Deputy Governor of Bank Negara Malaysia, the central bank of Malaysia, discusses the Malaysian government's role in mobilizing and channelling funds towards the productive sectors of the economy to stimulate and sustain growth in Chapter 9. He also examines such issues as managing the savings and investment gap and other related issues. Malek Merican, a prominent business personality, discusses various issues involved

The year 1990 marked the official deadline of the New Economic Policy that has shaped economic and social planning in Malaysia since 1970. The form of policy that replaced the New Economic Policy is reflected in the National Development Policy as embodied within the Second Outline Perspective Plan (1991-2000) which will set the pace towards achieving the status of a fully developed nation by the year 2020.

The National Development Policy puts no time limit on redistribution. Neither does it assign numerical targets to be attained. It is a strongly pro-growth exercise that recognises the realities of an increasingly competitive global marketplace. There will be no more obsession with quotas and numbers; focus will now be on quality—not quantity—participation by all economic sectors. The premise is, of course, growth which will continue to be emphasised while retaining the New Economic Policy's twin objectives of poverty eradication and the elimination of economic imbalances amongst the multi-ethnic population.

MALAYSIA'S VISION 2020 (incorporating Dr Mahathir Mohamad's latest speech on Vision 2020 at the Vision 2020 National Congress in 1997) examines the role of manufacturing and lays a new stress on human resource development and allays the fears of environmentalists by exhibiting a concern for ecology. Greater emphasis will also be placed on research and development. With new political commitment and stability, and with tremendous response to the Multimedia Super Corridor (MSC), Malaysia is definitely on the right track towards a more challenging 21st century.

ISBN 967 978 471 1



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