

BESTSELLER

Quo Vadis, Malaysia?

Where to, Malaysia?

Can we achieve Vision 2020 on time?

Ramon V. Navaratnam

959
IV



By Popular Demand: Revised & Updated

PERDANA
LEADERSHIP
FOUNDATION
YATASAN
KEPIMPINAN
PERDANA

Quo Vadis, Malaysia?
Where to, Malaysia?

Can we achieve Vision 2020 on time?

Quo Vadis, Malaysia? **Where to, Malaysia?**

Can we achieve Vision 2020 on time?

Ramon V. Navaratnam



PUSTAKA PERDANA



1006268

Published by
MALAYSIAN INSTITUTE OF MANAGEMENT
Management House
227 Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2164 5255
Website: www.mim.org.my

Copyright © 2006 Ramon V. Navaratnam

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording or any information storage and retrieval system, without permission in writing from the copyright holder.

First published in May 2006
Second Edition November 2006

ISBN 983-9065-29-7

Printed by
MPH Group Printing (M) Sdn Bhd
No. 31 Jalan 2/148A
Taman Sungai Besi Industrial Park
57100 Kuala Lumpur

Project Manager: Barbara Skadiang-Tey
Administrative Support: Sarina Chan

330.959
NAV IV

ABOUT THE AUTHOR

Ramon V. Navaratnam

Tan Sri Ramon V. Navaratnam was educated at the Victoria Institution, Kuala Lumpur and at the University of Malaya in Singapore where he obtained B.A. (Hons) in Econs in 1959. He obtained his Diploma in Public Administration from the Royal Institute of Public Administration in London in 1963 and then his M.P.A. (Econs) from Harvard (USA) in 1969. He was awarded an Honorary Doctorate of Laws from Oxford Brookes University (UK) in 2000.

In 1959, Tan Sri Navaratnam joined the Malaysian Civil Service and held several posts in his long career of 27 years in the Malaysian Treasury where he became Deputy Secretary-General of the Treasury. He was promoted to Secretary-General of the Ministry of Transport in 1986. Furthermore, he served as Alternate Executive Director of the World Bank in Washington between 1970 and 1972. After retirement from Government service in 1989, he was appointed Chief Executive Officer of Bank Buruh from 1989-1994.

Currently, Tan Sri Navaratnam is the Corporate Adviser of the Sunway Group, Deputy Chairman of Sunway University College, Director of Monash University, Director of the Asian Strategy and Leadership Institute (ASLI), Chairman of Its Center of Public Policy Studies and Non-Independent Executive Director of Sunway Construction Bhd.

In addition to his illustrious professional track record, Tan Sri Navaratnam has been Vice Chairman of the Malaysian Business Council, a member of the Board of the Malaysian External Trade Development Corporation (MATRADE), Director of the Malaysian Industry-Government Group for High Technology (MIGHT) and a member of the National Economic Consultative Council (MAPEN II).

He was Vice President of the Malaysian Association of Private Colleges and University (MAPCU), Vice President of the Malaysian Economic Association and the Vice President of the Harvard Club Alumni.

A former member of the National Economic Action Council (NEAC) Education Brains Trust, Tan Sri Navaratnam is now a member of the NEAC Globalisation Committee and Member of the NEAC's Public-Private Sector Consultative Committee. He also sits on the National Unity Advisory Panel of the Ministry of National Unity.

Presently, Tan Sri Navaratnam is a member of the Court and Council of the Malaysian Institute of Management (MIM). He was appointed as a member of the Human Rights Commission (SUHAKAM) in April 2002 and again in April 2004. Tan Sri Navaratnam was elected as the President of Transparency International Malaysia in March 2006. His charity work extends to serving on the Board of the National Kidney Foundation, the National Liver Foundation and the Malaysian Community Education Foundation.

A prolific writer, Tan Sri Navaratnam has also authored the following books:

1. *Managing the Malaysian Economy* (Pelanduk Publications, 1997)
2. *Strengthening the Malaysian Economy* (Pelanduk Publications, 1998)
3. *Healing the Wounded Tiger: How the Turmoil is Reshaping Malaysia* (Pelanduk Publications, 1999)
4. *Malaysia's Economic Recovery* (Pelanduk Publications, 2001)
5. *Malaysia's Economic Sustainability* (Pelanduk Publications, 2002)
6. *Malaysia's Socioeconomic Challenges* (Pelanduk Publications, 2003)
7. *Winds of Change* (Pelanduk Publications, 2005)
8. *A Memoir: My Life & Times* (Pelanduk Publications, 2005)

FOREWORD

I am glad to write the Foreword to this book entitled *Quo Vadis, Malaysia?* for several reasons.

Firstly, it is an analytical commentary on the public policies which we have all experienced during the period this book covers, 2003-2006. This is the crucial period from the last year of former Prime Minister, Tun Dr Mahathir Mohamad's memorable leadership of 22 years, to the first two years of Dato' Seri Abdullah Ahmad Badawi's premiership.

Secondly, I believe that Malaysia has reached a higher level of maturity nearly 50 years after *Merdeka* where we have now become more critical of ourselves in wanting to ensure that we achieve our goals to be an industrialised nation by 2020.

Thirdly, I am happy to support my former university mate, Ramon Navaratnam, in his enthusiasm to speak up publicly and to write professionally, freely and frankly on what he considers to be the strengths and weaknesses of our economy. He has good credentials in this regard as he was a senior civil servant in the Treasury for practically his whole career in public service, and has also been a banker and continues to be a lively corporate personality.

Therefore his forte is public policy and he should know what he is talking about. However, this does not mean that I agree with all that he is saying in this book. But I know him as a longstanding friend whom I appreciate for his intellectual honesty, sincerity of purpose and sense of Malaysian nationalism, which we all share. It is for us to ponder on his vision and to profit our country with our studied reaction to them.

Fourthly, *Quo Vadis Malaysia?* is a very important question which all true Malaysians must constantly ask ourselves; not only that, we must also review our country's development and trends and the direction and speed at which Malaysia is going towards achieving our social, economic, cultural goals of Vision 2020, particularly with the challenges of globalisation. We have to ensure through our observations, analysis and recommendations to the Government as to how effectively our policies and implementation are contributing toward the overriding goals of strengthening national unity and *Bangsa Malaysia*.

Finally, it is in this spirit that I commend my good friend Ramon Navaratnam.

As President of the Malaysian Institute of Management, I am particularly glad that the Institute is sponsoring the publication of this valuable book as part of our policy to enrich the quality and standards of good governance and management in Malaysia.

The profits from the sale of this book have been pledged by Ramon Navaratnam to the MIM Management Research Fund.



Tun Mohammed Hanif Omar

President

Malaysian Institute of Management

PREFACE

At the launch of my 7th book on the Malaysian economy, titled *Winds of Change*, by our distinguished Deputy Prime Minister, Dato' Sri Najib Tun Razak in February 2005, I announced publicly that it would probably be my last book to comment on the Malaysian economy and public policy. However, after finally publishing my personal Memoirs just after the release of my 7th book last year, I felt a lacuna in my life. I experienced a new urge to continue writing. This intrinsic feeling was hard to suppress.

So I decided to calm my restlessness and write not only on current issues but more importantly, on what I and other like-minded people have been constantly thinking about. This is the question: *Quo vadis, Malaysia?* or "Where is Malaysia going?" What is the likely future direction and development of Malaysia's socio-economic and political future?

Hence, I chose the title of my 8th book on the Malaysian economy as *Quo Vadis, Malaysia?*" In this book, I have reviewed what most Malaysians regard as their major concerns. It deals with what has been going on and what is being done to overcome our national challenges. I have also examined what more needs to be done to improve our hopes and prospects of achieving Malaysia's Vision 2020 goals, as well as how to achieve a better future for all Malaysians - regardless of race and religion.

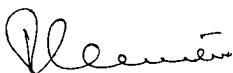
I regard myself as a Malaysian patriot writing with deep feelings for my country which I faithfully served for about 30 years from 1959 in the civil service and in many other ways, even after my retirement from Government Service in 1989. The Government appointed me as

the CEO of Bank Buruh for five years up to 1994. Since then, I have been the Corporate Advisor of the Sunway Group, but I still serve with much satisfaction on several Government committees and bodies.

I am, therefore, still a public servant at heart, even though I have been in the private sector for about 17 years. It is thus my hope that my book will stimulate more debate and discussion on the national public policy issues. In a lively democracy such as ours, we must always question the validity of not only our policies but also the effectiveness of their implementation. We will then want to review and revise our policies to ensure that we are constantly on the right track towards achieving true national unity, national stability and socio-economic progress for ALL Malaysians.

However I have expressed some serious reservations in my book as to whether we can attain our Vision 2020 targets on time. I believe that we will have to adopt more liberal and Malaysian-based socio-economic policies rather than parochial policies, to become a fully developed country by 2020. Even after we achieve our Vision 2020 goals (hopefully by 2020), we must strive to improve upon them on a sustained basis in the future after we ourselves would have passed on! But we would know having by then whether we made a significant contributed to our families, friends, caring society and most importantly, to our beloved country, Malaysia by steadfastly contributing to its dynamic development.

God willing, I hope and pray that we will leave behind a legacy that will be worthy of the trust (*amanah*) that has been bestowed upon us by the Almighty to fulfill our purpose in life.



Tan Sri Dato' (Dr) Ramon V. Navaratnam

DEDICATION

My 8th book on the Malaysian economy, *Quo Vadis, Malaysia?* is dedicated to my dearest wife Samala and my loving family, and especially to our devoted grandchildren Suhanya Julia, Sunetra Ruth, Michael Anil and Sarah Anisha as well as to my dear readers who have, or will read, any one of my nine books, including my personal Memoirs titled *My Life and Times*.

As I have publicly promised, all proceeds of my royalties for all my books have happily been given to various charities, as can be vouched for by my supportive publisher, Dato' Ng Tieh Chuan. My appreciation goes to him for his encouragement and to Dr Barbara Skadiang-Tey for her fine editing.

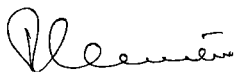
I wish to also warmly thank my former university mate Tun Hanif Omar, the President of the Malaysian Institute of Management (MIM) for his warm message, and Ir George Lee, the Chairman of MIM Council and Dr Wilson Tay, the Chief Executive Officer of MIM for the privilege of MIM's sponsorship of this book.

My royalties for this book will be given to the MIM Court of Fellows Management Research Fund to undertake research and to promote best practices in Malaysian management.

I hope in some small way that I have helped to increase debate and discussion on Malaysian economic and public policy issues as well as helped to influence the formulation of national policies. I continue to believe that all Malaysians must participate actively in expressing our views on public policy as it is our democratic right and responsibility; otherwise the views of opportunists and extremists will dominate and hold us all to ransom in the future.

Thus I hope that as a concerned and patriotic Malaysian, I have made some small contributions to nation building and national unity, and that my purpose in writing all my nine books for posterity over the last 10 years would be fulfilled.

I also hope this second edition will be as well received as my original *Quo Vadis, Malaysia?* published on 15 May 2006.

A handwritten signature in black ink, appearing to read 'Ramon V. Navaratnam'. The signature is fluid and cursive, with a large initial 'R' and a horizontal line extending across the middle.

Tan Sri Dato' (Dr) Ramon V. Navaratnam

CONTENTS

Chapter 1	TSUNAMI OF GLOBALISATION	1
	• Are we ready?	
2	GROWING UP PAINS	11
	• Bearing up?	
3	CORRUPTION	25
	• Worsening	
4	TOWARDS WORLD-CLASS STANDARDS	35
	• Too slowly	
5	BUDGET STRATEGIES - HOW RELEVANT?	55
	• How relevant?	
6	THE MALAY AGENDA	73
	• Strengthening	
7	ISLAM HADHARI	79
	• An assessment	
8	GREATER EXPECTATIONS ON THE PREMIERSHIP	91
	• All eyes on Dato' Seri Abdullah Ahmad Badawi	
9	TERRORISM - ROOT CAUSES AND SOLUTIONS	103
	• Get it right!	
10	QUALITY OF LIFE IN MALAYSIA	123
	• In jeopardy?	
11	EDUCATION	129
	• Reforms needed soon	
12	ENVIRONMENT	141
	• Improve or perish!	
13	SOCIAL RE-ENGINEERING	145
	• Problematic	

14	NATIONAL UNITY	153
	• Struggling along	
15	NEW ECONOMIC POLICY	159
	• Challenges Ahead and Recommendations	
16	PREPARING FOR THE 9TH MALAYSIA PLAN	183
	• 2006-2010	
17	THE 9TH MALAYSIA PLAN	191
	• Expectations and Assessment	
18	GOOD GOVERNANCE IN NATION BUILDING	203
	• Mandatory!	
19	THE WAY FORWARD: WHAT NEXT?	211
	• Can we succeed?	
	<i>EPILOGUE</i>	223
	<i>ABBREVIATIONS</i>	231
	<i>INDEX</i>	233