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Decade of Achievement

THE MAHATHIR ADMINISTRATION



MUSTAPA MOHAMED

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Dato' Seri Dr. Mahathir Mohamad

PREFACE

THIS book is written with a view to highlighting some of the major achievements during the 1980s, during the leadership of YAB Dato' Seri Dr. Mahathir Mohamad. It is hoped that this book will enable Malaysians to make an objective assessment of the many contributions of a statesman who has brought about so many changes to the nation, some of which were controversial.

The writer would like to express his gratitude to a few friends who have proffered advice and suggestions, especially Associate Professor Dr. Wan Hashim Wan Teh and Hashim Makaruddin.

31st. July, 1990
Kuala Lumpur

M.M

INTRODUCTION

THE 1980s have proven to be a most challenging decade. The decade opened with a constitutional crisis. In the middle of the decade, the nation was faced with a severe recession. The political scenario was destabilized by factionalism within the leadership of the component parties in the ruling National Front.

But the wisdom and perseverance of the national leaders, especially the leaders of UMNO, prevailed. These challenges and the various problems which beset the country were overcome. The leadership was tested and passed their test with flying colours.

Now we can look back and conclude that over the past ten years we have gone through an era of development imbued with success after success such that this decade can aptly be called THE DECADE OF ACHIEVEMENT.

We can analyze the main achievements of this decade in two broad categories: Economic Progress and A Firm, Dedicated and Respected Leadership.

SOUND ECONOMIC MANAGEMENT

A big change has occurred in the lives of Malaysians since Merdeka. The nation has experienced success upon success in several areas. Now Malaysia is a developing country where the citizens have achieved unprecedented economic progress.

It is also a stable nation. All this has been achieved not by accident; the key lies in the enlightened leadership providing guidance in political and economic issues, efficient administration and national stability.

EFFICIENT MANAGEMENT OF THE NATIONAL ECONOMY

Other countries have expressed amazement at our success. Many countries have praised our achievements. Today Malaysia is one of the best examples on which other countries can model their development efforts. In fact many countries no longer regard us as a developing country; they say we are already in the ranks of the "developed". A number of leaders of other developing countries, who have come here, have been struck by the phenomenal progress we have made.

Many of these countries suffer famine, a rising external debt, and social unrest. Their leaders who have been here regard Malaysia as a truly developed nation. We have achieved this success due to efficient economic management by the national leadership. It did not come about by itself. Instead it was a result of careful planning and good management.

It cannot be denied that Malaysia is rich in natural resources. These resources have been bestowed by God, such that we are the

world's leading producer of rubber, palm oil and tin.

God has blessed us with reserves of petroleum and natural gas. But this alone will not suffice to ensure the success of any country. The secret lies in efficient management of the economy.

Sound economic management is the key factor in Malaysia's transformation from a backward nation into a rapidly developing economy.

Upon independence we had only two major export products, namely rubber and tin. From an agrarian economy we have advanced such that today our income is derived not only from agriculture but also from petroleum and manufacturing. In 1989 exports of manufactured goods constituted 54% of our total exports. In 1980 it was only 22%. This is a most notable achievement.

The tide of development that swept the nation has altered the shape of its economy. We are all affected. Let us reflect awhile. Think of how far we have gone since 1957. Unprecedented development has taken place and we should be grateful. In the 50s and 60s we endured great hardship. We did not have enough food, nor ample clothing. It took days to cover even short distances.

Children walked to school barefooted. Rural children had bloated stomachs, ripe with disease. Our sources of income were severely limited. In other words we lived a hand-to-mouth existence. The Malays lived in villages, the Chinese in urban areas and the Indians worked mainly in the estates.

Today everything has changed. Few countries can provide the congenial environment to their populace the way Malaysia has managed to do. England and Japan for example took hundreds of years to attain the standard of living their people enjoy today.

Not that many countries are successful in fostering rapid development in only a few decades.

Those in a position to make comparisons, especially those who have the opportunity to travel overseas, will appreciate the bounty God has bestowed on this country.

In many countries people live under conditions of abject poverty and ever present threat of famine. In Malaysia no one has yet died of starvation. To those who are willing to work hard, a decent livelihood is theirs for the taking. This has lured hundreds

of thousands of foreigners here. There are estimates which put the number of foreign labour in this country at 700,000. If we are a weak country with a limping economy, nobody would be attracted to our shores. These are things we tend to take for granted but they are there for anyone who wishes to pause and reflect.

A WEALTHY AND PROSPEROUS NATION

The rate of Malaysia's economic expansion is laudatory. Since Merdeka the economy has grown by more than seven per cent per year. This is one of the highest economic growth rates among developing countries if not the world. This rapid growth has changed the face of the nation. From 1980 till 1986 the overall economic growth rate was 4.7 per cent. But between 1987 and 1990 this went up to more than eight per cent.

A lot can be achieved by such a rapidly expanding economy. A healthy economy means higher income for the people. When income is high, there is money for spending on goods and services. Commerce and trade will flourish and this means a higher national income all round.

A rising national income enables the people to enjoy more and better facilities. We can open up new areas for land development, build more roads, provide electricity and water supply, build schools and hospitals.

We can improve the lot of the rural population and the poor when economic performance improves. Revenues increase when the economy grows. Increased revenues has enabled the Government to implement various programmes for the nation's benefit. The Government has built basic infrastructure such as roads. It has also provided water and electricity supply to the people. At present, 62% of the rural population have access to piped water, compared to 43% in 1980. More than 80% of our population now enjoy electricity supply compared with 60% in 1970. It is the Government's wish to supply electricity and water to the whole population. We are confident that the Government can achieve this objective in the near future.

In line with this rapid development, the per capita income has gone up from \$787 in 1957 to \$3734 in 1980. Today it has nearly doubled to \$6042. On average the people of this country enjoy

higher income compared with those in many other developing countries.

Admittedly there are the rich as well as the poor. But the income gap between the very rich and the very poor is not as wide here as in other countries. For the very poor we have launched a special programme. We have never neglected them. At present, the poverty level has fallen to below 18 per cent compared with 49 per cent in 1970. The Government's programme to improve incomes of the poor has proven to be successful. However we are not satisfied and we will redouble our efforts until poverty is reduced to a minimum level.

This country is progressive and rich because the national economy is diversified and strong, with income derived from the agriculture, manufacturing and services. Our economy is not over-dependent on one sector only.

In the agricultural sector, palm oil has become a major national produce besides rubber, cocoa and rice. Petroleum and gas production too has replenished our coffers.

Today about 30 per cent of Federal Government revenue is derived from petroleum. The industrial sector too expanded and is playing a bigger role in our national economy. Today about 17 per cent of total employment is in the industrial sector, up from 11 per cent in 1970. We now have 1.14 million Malaysians employed in the industrial sector which has become the biggest provider of new jobs. Industrial development is a result of our policies, especially since 1987, which have succeeded in attracting local as well as foreign investment. For the whole of 1989, a total of \$12.2 billion in the investment were approved by the Government. However, during the first six months of this year, investment approvals exceeded \$18.3 billion.

This clearly shows the success of our policies and investor's confidence in the future of our economy. If foreign investors have confidence, we fail to see why Malaysians are creating all sorts of doubts and uncertainties.

EDUCATION AND HEALTH

In education we have achieved remarkable progress. In the past education was the privilege of the urban dwellers only. Because

education has opened opportunities for various positions in the public and private sector, very few rural people could aspire to such posts.

Education now is the right of every Malaysian. The Government spends a major portion of its allocation for education. This year about 18% of the national budget or \$6.03 billion is spent on education. There is equal access to education for all.

Whereas previously education was mainly a benefit enjoyed by the urban population, now more rural people have access to these educational facilities. More primary and secondary schools have been built. There are now better opportunities for tertiary education with the setting up of more institutions of higher learning. Jobs in the public and private sector are no longer monopolized by one group or social stratum.

The opportunities are open to all, whether they be children of farmers, fishermen or the very rich. There are not many countries in the world where the children of farmers, fishermen and smallholders succeed in life and bring out their families out of the cycle of poverty.

Besides that, more health facilities have been set up. The number of doctors has increased. Today we have one doctor for every 2697 people. In 1980 the ratio was one to every 3568.

The Government has succeeded in improving the people's access to medical services. Many clinics and hospitals have been built. In the last thirty years, 484 health centres and 1953 rural health clinics have been built. We are one of the small group of countries where medical services are free for the great majority of people.

The population is healthier, and life expectancy has increased. In 1957, life expectancy for a male Malaysian was only 55.8 years and 58.2 years for females. But by 1988, our males lived up to 69.1 years and females 73.5 years. A child born in 1988 has a 98.6% chance of survival compared to a child born in 1957 with only a 92.5% chance of survival. A healthy population can make this country richer and stronger.

The great success of this country in various fields can be attributed to the cohesion and unity of its multi-ethnic population,

a unity we have nurtured since independence. People of various races and religions live in mutual respect. The country is stable and peaceful, enabling business and economic activities to run smoothly. We have a moderate leadership which takes into account the interest of all races.

If the nation is torn by unrest, the people will not be able to earn a decent livelihood. The country is stable because we have a strong Government. The Government is strong because the ruling party has a more than two-thirds majority in Parliament. Our security forces are reliable, respected and capable of enforcing the law. At night we can slumber peacefully without fear. We are also free to travel without restriction.

Peace is a valuable treasure. We sometimes forget this truth because we take things for granted; we are too involved in our daily lives. But we should not forget that this peace we are enjoying can be destroyed in an instant if we take the wrong step. When that happens it will be too late to save the situation.

Let us not undervalue this fact. We should take as an example the valuable lesson of countries like Vietnam, Sri Lanka and Northern Ireland. A weak Government does not have the capacity to champion the cause of Malaysians. All planning will go to waste. The nation will be divided and backward.

Our successes have been achieved because the Government is ever sensitive to the problems of the people. There is concern for the people's welfare and well being. Serious attention is given to the people's wishes and needs.

The Government is intent on increasing the people's income and providing better facilities and services for all. The policies and programmes implemented especially in the 1980s clearly have succeeded. We have certainly undergone an economic revolution. What is more important, this physical development is balanced by spiritual upliftment.

The people of Malaysia are being imbued with ethical values through the education system and the policy of inculcating universal Islamic values that can turn Malaysians into a people worthy of respect and dignity.

The existence of a strong and stable Government, and

implementation of effective policies and programmes means ours is a peaceful and wealthy country. We have a responsible Government well experienced in governing the country. The Government can do what it plans to do because it is strong and has the support of the people.

OUR SUCCESS

Let us list here some of our major economic achievements:-

- i) Implementation of firm and innovative policies. These include: the Look East Policy, development of heavy industries, privatisation and Malaysia Incorporated.
- ii) Revival of the national economy fully after weathering the harsh economic recession of 1985.
- iii) Reduction of external debt by repaying loans before maturity and controlling expenditure.
- iv) Structural changes in Malaysia's economy by making industry and manufacturing the most important sector in terms of production and employment.
- v) Provision and expansion of basic infrastructure to people all over the country.

ECONOMIC RECOVERY

The most important achievement of the 1980s is our success in restoring the health of our economy. The rate of economic growth slumped by 1% in 1985. This was the worst recession the nation ever faced.

In the past many had predicted that this country would go bankrupt under the current leadership. In fact some had maintained the Government would not be able to pay its own employees. Many hurled all kinds of accusations. Some of these people said the leadership was not qualified to manage the economy.

It would seem that only they were fit and clever enough to do so. In fact some quarters in other countries including the foreign press made similar dire predictions. We have proved them wrong. In actual fact our economic growth rate fell only in one year, 1985, after which we recovered strongly. The economic recovery led to

increasing economic activity and rising income for the people.

We may attribute the recovery to these factors:

- i) a firm and courageous leadership in politics and economy,
- ii) suitable and effective economic policies, and
- iii) the people's support and loyalty to the nation.

When the nation was facing its various challenges, the leadership implemented decisive and firm policies. The leadership was not motivated by short-term gain. We reduced expenditure and took belt-tightening measures. The salaries of civil servants were frozen. People hurled insults at the Government but the measures to trim the fat eventually brought about full economic recovery.

The leaders were interested in lasting and long-term success, not in transient short-term or quick fix solutions. Even though we had to brace ourselves against attack from many quarters for several months, including criticism from the Government's own employees, our firmness was amply rewarded with great success. As the economy recovered, we could afford to increase salaries of civil servants, in line with our affordability.

Firmness is a trait we want all our leaders to have. Any policy takes time to have an impact. However, today, the impact of these policies is here for all of us to see. Nobody can deny this.

The Government's policies of careful spending and encouraging foreign investment have paid off. Through these policies the nation has progressed at a phenomenal rate in the 1980s, that is at the rate of 8.7 per cent in 1988, and 8.5 per cent in 1989. This year too the national economy will continue to grow at an impressive rate. And the outlook is just as promising in the years to come.

The leaders have placed the economy on firm foundations and this economic base needs to be further strengthened. Only a strong Government can ensure continuous growth and a resilient economy.

The economic growth has been accompanied by stable prices. The rate of inflation in our country is in the region of two to three per cent, one of the lowest rates of inflation in the world. Control

of inflation allows the economy to expand smoothly. We have put the lid on inflation because we know how the economy needs to be managed. We are spending according to our means.

AMANAH SAHAM NASIONAL

The launching of the Amanah Saham Nasional Scheme in 1981 which enabled Bumiputeras to hold shares in the corporate sector is one of the major successes of the Government during the decade. Through this scheme, Bumiputeras have earned dividends and bonuses. In 1989, about \$841 million in dividends and bonuses have been paid out to investors in the ASN scheme. At present more than 2.45 million Bumiputeras from all walks of life have invested in the scheme, with investments totalling \$6.44 billion. We can be proud since there is no other country in the world that has created a scheme such as this. Before the scheme was created, Bumiputeras, especially the poor, comprising of farmers, fishermen, factory workers and junior civil servants could never dream to own shares in the corporate sector. Today it is a reality. The ASN scheme has enabled the country to distribute wealth to Bumiputeras, especially those who cannot buy shares on the open market.

This scheme has contributed towards increasing Bumiputera equity in the corporate sector, from 2.4% in 1970 to 18% at present. Since the economic cake is expanding, the increase in Bumiputera equity was not at the expense of non Bumiputeras. All Malaysians have actually benefited from the nation's economic growth.

GOVERNMENT CORPORATIONS

Following the strong economic recovery, the performance of Government owned corporations and private sector companies has improved. At one time many criticised our move towards investment in heavy industry. Today such criticism is muted because we clearly have improved the economic performance of the companies involved.

The weak performances previously encountered could be attributed to the economic recession. With the recession, incomes and demand slumped. For example, in 1984, 117,537 new motorcars were registered, compared to 50,199 in 1987. It was not related at all to the heavy industry policy. The Government's policy of

involvement in heavy industry has proven to be suitable in view of industry's increasingly important role in the economy. We cannot depend only on agriculture which is influenced by the state of the international economy.

Today, most of the government corporations have notched impressive profits. Proton made a \$32 million profit last year. Likewise, EON earned a profit of \$28.5 million. Syarikat Telekom Malaysia made more than \$360 million. The Government cement companies are doing well, with supply racing to catch up with rising domestic demand. The performance of these companies is improving and Syarikat Pewaja has turned the corner, with a profit of \$23.5 million this year. All this is due to changes in management, restructuring and the national economic recovery.

EMPLOYMENT OPPORTUNITIES

The improving economic performance of the private sector has created numerous job openings. In 1988 the unemployment rate was 8.1 per cent. Today we have improved and pulled the rate down to 7.2 per cent. Over the period 1980 to 1990, about 1,703,900 job opportunities were created. This is a real achievement. We have succeeded in providing more jobs, in fact some sectors are now facing a labour shortage. Many jobs were created within the past two or three years and many more will be created in the future with the rapid progress of industrial development. If the economy continues to grow at an impressive rate and we remain stable, we are confident of providing jobs to every Malaysian who is willing to work.

A FIRM, DEDICATED AND WELL RESPECTED LEADERSHIP

WE have also made strides in other areas besides the economy. We have placed the relationship between the Malay Rulers and the Government on a firm footing, with the establishment of more harmonious and compatible relations than in the past.

The move to inculcate Islamic values in the administration has made this country one of the most respected Muslim countries in the world. International Islamic conventions and exhibitions are often organised by the Government. The Islamic countries have given us the trust and have chosen to set up an International Islamic University in this country.

To inculcate Islamic values in the economy, we have set up Bank Islam. The Muslims are forbidden from entering gambling premises, like the Genting Highlands casino. We have announced the closing down of the Welfare Services Lottery. In assimilating universal Islamic values, we have made concrete efforts instead of mounting empty slogans for the establishment of an Islamic State. Our policy does not create fear among non-Muslims.

The wisdom shown by the national leadership has dampened the struggle of the Communist Party of Malaya, leading to the peace accord at the end of 1989. After 41 years of fruitless jungle warfare the Communists today acknowledge the Government's concern for the welfare of the people. Now national security has improved. If the communists could accept the contribution of this Government and the good it has done for the people, we fail to see why certain quarters cannot follow suit.

The government's uncompromising stand and courage in its anti-dadah campaign has drawn world attention such that the Prime Minister of Malaysia was given the honour of chairing the International Conference on drug abuse held in Vienna. This uncompromising stand has set an example for others to follow. They have begun to see the forward looking strategies of our leaders. Our elevation as a member of the U.N. Security Council is further testimony to the high respect for our country and its leadership.

In October last year we hosted the Commonwealth Heads of Government Meeting (CHOGM). The meeting was regarded as the best ever CHOGM and our leaders received compliments and praise from the foreign leaders. After that we were given the honour of hosting the G-15 meeting. Once again our country made headlines. This high international profile has helped us to publicise the country abroad. We are a respected and well known nation in the world community.

We must not forget our triumphs in the sports arena. In the 1989 15th Sea Games we achieved a national record by winning 67 gold medals, far exceeding the original projection of 50 gold medals. We have also moved up from fourth placing overall during the 14th Games to second after Indonesia in the 1989 Sea Games.

Our national badminton team is acknowledged among the world's best. Twice in a row the team has emerged runners-up in the prestigious Thomas Cup. Our progress in athletics and sports has proven the qualities of a leadership committed to excellence. We have achieved all this because of the unity and concerted effort we made towards improving the nation's standing.

THE FUTURE

YES, it has been a decade of achievement but we cannot afford to be complacent. We have to run in order to keep pace with the competitive world that is riding on a technological revolution. The momentum is going to be faster and faster. Unless there are bold initiatives based on sound judgement of leaders with vision, the nation will be like a ship lost in the open sea with no set course to steer.

The nation needs leaders of vision to take it into the 21st century and beyond. Datuk Seri Dr. Mahathir's vision of Malaysia as a prosperous and respected country is already showing results because of the bold steps he has taken to lay the foundation for such a thrust into the future. The momentum must not be lost.

The Barisan Nasional with its brand of consensus politics is the only party which can provide the political stability and racial harmony that are at the very core of the success of this nation.

In the leader of the Barisan and the Barisan itself we have the experience and the mental cohesion to see the nation through this stage in our development. There are no viable alternatives. In addition, it is not the time for experiment in alternatives. Energy spent in power struggles leave little for planning and vision. A clear mandate to the Barisan that ensures it a two-thirds majority will enable the nation to reach for the fruits of that vision without undue distraction.

Our future is bright. Let us not deny that. It continues to be bright as long as we have a firm and strong leadership. The people

have every reason to stand solidly behind the current Government which has proven its ability in bringing about progress and prosperity.

We should not under-rate the potential threat to our political and economic stability. Were we to pawn our future by choosing those who lack the ability to administer the country, and those who have conflicting ideologies, the stability and peace we now cherish would be threatened. While anticipating rain from the sky, do not act rashly by throwing away all that we have. We need to defend and entrench this peaceful environment with the greatest of care because only stability can ensure continued economic growth.

The vision of our leaders is to have a nation of people who are respected, a country whose economy is strong. We can be strong through political stability and rapid economic growth. When the economy grows there will be more jobs for the people. Income will rise. The strengthened economy so painfully carved out of recession over the past few years should be sustained so that this country can achieve even greater heights. When our economy is strong, we can achieve more and compete with the world. We have the resources and leadership to do so.

Hard work, dedication and sacrifice are needed to ensure a secure future for the generations to come. We should all be proud that we have undergone an era of rapid development under the present leadership. Our achievements in the 1980s prove beyond doubt that our leaders can continue to lead us into the decade of the 1990s.

