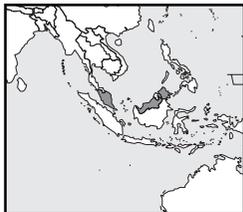


The lack of vision of the National Vision Policy



The National Vision Policy 2020 is based on the Western capitalist development model and ignores the accumulated culture and values or the needs of the Malaysian people. Furthermore, the economy is made vulnerable by unwise allocation of resources and excessive dependence on foreign trade and investment, while the government masks poverty with unreal statistics.

The Third Outline Perspective Plan (OPP3) 2001-2010 constitutes the second decade of development under Malaysia's Vision 2020. The National Vision Policy (NVP) 2020, with national unity as its overriding objective, is aimed at establishing a progressive and prosperous *Bangsa Malaysia* (Malaysian population) which lives in harmony and engages in full and fair partnership.

But the national vision set forth in the NVP is not based on the accumulated national wisdom, culture and values or on the needs of the people; rather, it is rooted in the tunnel vision of Western capitalist development ideology, which regards human beings as essentially economic creatures. While paying lip service to pursuing environmentally sustainable development and cultivating a tolerant and more caring society, the NVP's main goals are industrialisation, economic growth, increased productivity and production of wealth.

The OPP3 document concludes that, "The principal thrusts for the OPP3 period will be the creation of wealth and promotion of new sources of growth in the manufacturing, services and agriculture sectors". The emphasis is on wealth creation and growth, not human development and stewardship of the environment. In keeping with the current trend in the business world, the NVP advocates developing Malaysia into a knowledge-based society as if all previous societies were not based on knowledge. What is the aim of this k-society? It is not to develop the material, moral, cultural and spiritual dimensions of the human being, but in the words of the NVP, "to raise economic productivity in all economic sectors and to optimise the brain power of the nation".

The western capitalist development model has produced disastrous consequences for humanity and the environment – global poverty, irreversible environmental destruction, poisoning the air we breathe, the water we drink and the food we eat, profaning everything that is sacred, and fracturing family and social relations. What is urgently needed is the decolonisation of the minds of our educated elite so that they can produce a development model that is suited to the material and spiritual needs of our people and protective of our environment.

Unwise investment, dependence and vulnerability

During OPP3 (2001-2010), the economy was expected to grow at the rate of 7.5% compared with 7% growth during the OPP2 (1991-2000). The planners have ignored the fact that the high growth prior to 1997 contributed to bringing our economy to the brink of collapse. Investments went into unproductive areas and mega projects, leading to a negative balance in our current budget. The adverse effects of the misallocation of resources during the OPP2 period are still present. There are unsold properties valued at MYR 28.4 billion (USD 7.4 billion). Almost 2.5 million square metres of office space remain vacant, yet another 1.5 million square metres are in the pipeline.

In view of the current US downturn, the Central Bank of Malaysia revised the growth figure to between 5% and 6% in March 2001. After the 11 September incident in the US, GDP growth forecast was further revised to 1-2%.

Growth during OPP3 is supposed to be driven by strengthening domestic investment and developing indigenous capability. Growth in the OPP2 period is largely attributable to exports, particularly electronics and electrical goods to the US, Japan and the European Union.

Malaysian exports are narrowly based on a few types of products. By 2010, it is projected that 90.7% of merchandise trade would come from manufactured goods. The major contributor would be the electronics and electrical sub-sector, which is expected to account for 75.6%.

In response to the liberalisation policies demanded by developed countries, the OPP3 provides for an increased role for foreign direct investment (FDI) in our economy. It aims "to attract FDI, not only in the manufacturing and related sectors, but also in strategic sectors such as Information and Communications Technology (ICT), energy, port management and the financial sector".

Thus, OPP3 continues Malaysia's previous policy of relying on FDI to develop its economy. Economic development planning is based on uncertain factors that are outside Malaysian control. In recent months, there are signs that Malaysia may have difficulty attracting FDI. According to an article in *The Edge* (March 26, 2001): "... foreign investor interest seems to have waned. Manufacturing FDI, which totalled MYR 491.1 million (USD 129.2 million), was down 37.4% from a year ago, and made up only 50.1% of applications received in January [2001], 34% less than in the same month last year [January 2000]".

Malaysia's excessive dependence on foreign trade and investment limits the autonomy and freedom to direct, control and manage the development of the economy. Such dependence makes the economy vulnerable to the vagaries of the markets of the developed nations. For example, a prolonged recession in the US, as predicted by some economists, would have a disastrous effect on economic production, jobs and incomes of the people. When America catches a cold, developing countries like Malaysia contract pneumonia. Instead of devising policies to reduce this dependence on the West, Malaysian policy planners are entrenching and deepening it through plans like the OPP3.

As stated in the OPP3 document, Malaysia's performance will be influenced by developments in the external environment as it is highly integrated with the global economy. It will be exposed to the risks of economic and financial shocks, which transcend national borders and regions and are difficult to predict. The OPP3 further states that the achievement of the growth and structural transformation targets will hinge on Malaysia's ability to strengthen its resilience and competitiveness.

Strengthening resilience means being more self-reliant and less dependent on foreigners. Greater resilience can be achieved when wasteful consumption, unproductive investments and corrupt practices are eliminated. It can also be accomplished when companies and government departments practice good governance through greater transparency and accountability.

Promoting growth would also mean being less dependence on foreign imports, and one way we can save on foreign exchange is to reduce the massive food import bill. In 2000, Malaysia's food import bill was MYR 12,964.8 million (USD 3,411.8 million) compared with MYR 7,784.3 million (USD 2,048.5 million) in 1995. Food imports are expected to increase to MYR 21,896.8 million (USD 5,762.3 million) in 2005.

The Eighth Malaysia Plan (2001-2005) expects food production to increase, leading to price stability. However, the increase in production ought to be for local consumption and not for export. The government should encourage food production by working out a better system that will benefit both producers and consumers.

Import liberalisation in agriculture under the World Trade Organisation (WTO) rules and other regional trading arrangements threatens the livelihood of small farmers whose products face competition from cheaper imported foods. The effects of globalisation are discussed in terms of the changes it will bring to the modern urban economy, while its impact on the rural economy, particularly the small-scale farmers, is often ignored.

In 2003, the Association of South East Asian Nations (ASEAN) Free Trade Agreement (AFTA), of which Malaysia is a member, will be implemented. Rice farmers are particularly at risk. Their produce will face stiff competition from foreign grains from other ASEAN countries whose production costs are much lower. According to the Malaysian government, the rice sector will be fully liberalised by the year 2010. The implications are serious for about 300,000 rice farmers who remain largely unaware of the impending crisis.

The government, although aware of the possible problems posed by AFTA, has announced that it is coming up with a strategic master plan to improve the quality of farming products, reduce costs and introduce new technologies. Among suggestions for staying competitive in a free marketplace is cutting production costs, and this entails the development of large or integrated paddy fields run by a few highly skilled farmers.

Despite any master plan, the future of the farmers will be threatened by trade liberalisation. Integrated and large farms would benefit only a select few. Asking small farmers to lose their land so that those select few could take over is spelling disaster for the farming communities. Much social distress and community upheaval is certain.

If rice farmers lose their livelihood, the country would also be undermining its own food security. The staple food sector of any country must always be defended at any cost by the government.

Many developing countries are already facing problems from agricultural trade liberalisation and have tabled proposals to amend the WTO Agreement on Agriculture so that they can better protect their farmers and continue to provide subsidies. The Malaysian government has been urged to do the same.

An unrealistic poverty line

The OPP3 claims that the incidence of poverty among Malaysians was reduced from 16.5% in 1990 to 7.5% in 1999. The number of poor households is reported to have decreased by about 39% to 351,000 in 1999. The OPP3 aims to reduce the incidence of poverty to 0.5% by the end of 2005 and to raise the income share of the lowest 30% of households irrespective of race.

These figures do not reflect the reality of the poverty situation in the country. In the OPP3, the Poverty Line Income for 1999 is assumed to be MYR 510 (about USD 134) per month for a household of 4.6 members in Peninsular Malaysia. Imagine a family of four trying to survive on an income of MYR 510/month in the capital city. To rent a room would cost MYR 200. What about expenses for food, transport, education and medical treatment? The assumed baseline for poverty is unrealistic and ridiculous.

Further, the economic plight of the 800,00 smallholders brought about by the steep drop in the prices of rubber and oil palm is eloquent testimony to the poverty afflicting a large section of our people. The government had to set up a Cabinet Committee on "Raising the Income of Rubber Smallholders" to address this problem. In March 2001, the government allocated MYR 500 million (USD 131.6 million) to assist the smallholders hit by the low prices for their commodities. Again in May 2001, the government announced setting up a MYR 1 billion (263 million) fund to assist smallholders to replant or venture into livestock rearing and other businesses, which would be used to give short-term loans ranging from MYR 50-250 (USD 13-65) per month to smallholders facing financial problems.

In the urban areas, with the onset of a global economic slowdown in the first seven months of 2001, many industries retrenched workers. The number of retrenched workers increased by 37% to 20,038. Of this number, 85.7% were Malaysians while the remaining were foreign workers. By sectors, retrenchments in the manufacturing sector, especially in the electronics and electrical factories were most significant, accounting for 69.4%. The majority of those retrenched have very little savings and have to depend on the small retrenchment benefits paid to them to sustain them while they look for alternative employment.

The government's aim to wipe out absolute poverty by 2005 is unrealistic given that there is no adequate control over our economy, which is highly dependent on the global environment. Moreover, there are no safety nets for those who are affected by adverse economic conditions.

Masking the poverty problem with statistics will not alleviate it. What is needed is a sound economic policy to reduce our dependence on foreign trade and investment, encourage sustainable agriculture and domestic industry and provide for a more equitable distribution of wealth. Above all, we need honest political leadership and public servants who are committed to public welfare. ■

References

- "AFTA Threatens Survival of Malaysian Rice Farmers". *Utusan Konsumer*, Vol. 31, No 3, March 2001, p. 10.
- Economic Planning Unit, Malaysia. *The Third Outline Perspective Plan 2001-2010*, 2001.
- Ministry of Finance, Malaysia. *Economic Report 2000/2001*, 2000.
- "OPP3: National Vision or Tunnel Vision?" *Utusan Konsumer*, Vol. 31, No 5, May 2001, p. 5.
- "Strengthening Resilience and Enhancing Competitiveness in Our Economy". *Utusan Konsumer*, Vol. 31, No 8, August 2001, p. 8.

Consumers' Association of Penang
<meenaco@pd.jaring.my>