

**OVERVIEW OF CPPS RECOMMENDATIONS FOR
NINTH MALAYSIA PLAN:
FOSTERING RESILIENCE AND EXCELLENCE TO MEET
NATIONAL ASPIRATIONS AND THE GLOBAL CHALLENGE**

Over the past 35 years, three successive Outline Perspective Plans and six five-year Malaysia Plans have emphasized national developmental goals of poverty eradication irrespective of race and the restructuring of society to eliminate the identification of economic function with ethnic groups. As a result of the sustained pursuit of these goals and successful implementation of numerous programmes and projects in support of the Plans, the country can rightly claim to have met these developmental goals enunciated in 1970.

In particular, Malay Bumiputera achievement in all sectors of the economy and society has been outstanding and unprecedented. In no other country in the world has a marginalized community made such enormous progress so rapidly. From a position of negligible participation in key sectors of the economy and in modern life, Malay Bumiputera are now present in large and growing numbers in all key areas, to the extent of being the most dominant group in many key sectors and vital areas of national economy.

As the country prepares to launch its Ninth Malaysian Plan for the year 2005-2010, it is only proper that it sets for itself new goals and targets that will enable it to continue advancing upwards into the ranks of developed nations. New goals and targets are needed not only because old goals and targets – set more than three decades ago - have already been reached. They are needed because there is now a younger generation of Malaysians – born after the tumultuous period of the 60s and 70s - that expects no less than new goals and targets that can challenge, bond and propel all Malaysians forward, irrespective of race, regional or social background in all fields of endeavor. In addition to the vastly reconfigured national context compared with thirty years ago, new goals and targets are needed because of dramatic changes in the regional and global environment which require that the country's political leadership and policy makers realign the nation's socio-political and economic structure towards greater national unity, higher levels of resilience and new standards of excellence to meet the challenge of growing regional and global competitiveness.

In the five development strategy notes prepared by the Centre for Public Policy Studies as its input into the Ninth Plan¹, we have proposed a set of recommendations that can play a critical role in helping the nation meet the new national and global challenges. These recommendations, if incorporated into the Ninth Plan programmes and projects, can bring about the unleashing and utilization of the full potential of all ethnic communities from all regions of the country, and in the process, help the country to attain the high level of

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social cohesion, economic resilience and human resource performance required for continued prosperity and growth. The recommendations are under-pinned by various key considerations:

1. The time is right to prioritize a more inclusive and multi-racial socio-economic development strategy and to target all ethnic communities equitably and fairly in the overall framework for programmes and projects implemented under the Ninth Plan. National development strategies and policies not only need to be fair but also have to be perceived to be fair. Strategies and policies that breed or exacerbate perceptions of neglect or inequitable treatment amongst the various ethnic communities are contrary to the National Vision Policy's aims of "establishing a progressive and prosperous *Bangsa Malaysia* which lives in harmony and engages in full and fair partnership" (Third Outline Perspective Plan 3, p. 3).
2. Development policies, programmes and projects designed for or resulting in skewed or uneven distribution of benefits should be replaced by improved or new ones in which the distribution of benefits is equitable and related to need and capacity, irrespective of race.
3. The trend towards a mono-ethnic civil service must be reversed in the interest of national unity and to give all races a stake in government. A more representative civil service with a higher level of non-Malay participation would strengthen the sense of inclusion among forty percent of the population and lead to greater national commitment. It would also help to increase service and performance standards in the civil service and developmental machinery, and this in turn will lead to higher growth, greater efficiency and a more united and resilient economy and society.
4. Continuing attention should be given to the fight against absolute and relative poverty, in particular that affecting the small ethnic minorities (Indians, Orang Asli and native communities from East Malaysia) as well as that found in relatively backward states and regions of the country. The emphasis on the battle against socio-economic deprivation will ensure that many of the beneficiaries of anti-poverty projects will continue to be the Malay poor. It should also address the causes of poverty and deprivation amongst the non-Malay poor, many of whom have not received fully the opportunities and public resources necessary to improve their conditions of life.
5. An income-based approach, based on internationally accepted definitions of poverty, should be adopted in addressing issues of relative poverty prevalent amongst low-income groups and urban communities and in tackling social ills. Such an approach will target all ethnic groups, prevent the politicization of developmental issues and counter the tendency towards ethnic mobilization and chauvinism. An ethnic-blind approach will also meet the goal of eliminating the

- identification of ethnic groups with economic functions and enhance national unity and integration.
6. Forest-subsistent communities such as the Penan and Orang Asli not only have not received their fair share of development benefits but also continue to be amongst the poorest and most marginalized. To improve their lives, it is necessary that their rights to land should be explicitly recognized and adequate resources should be provided to enable the implementation of Community Development Plans endorsed by the various communities. The recognition of their land rights should cover an area adequate for their current and projected future needs, taking recognition of customary agricultural practices.
 7. Government policies and initiatives to promote enterprise development and corporate equity ownership on the basis of ethnicity should be phased out as they have achieved their objectives. Besides being counter-productive to the nurturing of a fully competitive and market driven economy, these policies are inconsistent with the country's drive to be globally competitive and will further stifle investment and growth. Instead, the Government should focus its attention on promoting key economic sectors and SMEs as a means to develop Malaysia's economic potential. The government should especially tap into the new multi-racial middle class to create thriving enterprises in these sectors.
 8. Ethnically-biased affirmative action aimed at the promotion of Malay-owned businesses have created serious intra-ethnic Malay cleavages while also hindering the creation of a competitive economic environment within and between ethnic groups. They should be quickly phased out through the adoption of clear performance and competitiveness standards and time specification criteria. Instead of pursuing these policies that have become obsolete (they largely stem from the period of the 1970s), the government should promote new policies that would be fully market-driven, be primarily based on merit and capability, and have the objective of harnessing the best of our domestic entrepreneurship to compete against regional and global players.
 9. Since human resource development holds the key to the country's ability to compete in the region and globally, it is vitally necessary that all publicly funded tertiary institutions should be open to all citizens on a merit basis. At the same time, admissions criteria should factor in a fully transparent weight for disadvantaged socio-economic status as well as a geographical factor based on regional disparities. Simultaneously, more competition should be introduced amongst publicly funded tertiary institutions. This can be achieved by the decentralization of admissions to the individual institutions, subject to their use of uniform admissions criteria, and with a proportion of the financial allocations tied to the number actually enrolled.

10. Corruption, abuse of power and other forms of malpractice have taken a heavy toll on the country, including drastically reducing the resources available for the country's development. Enhancing transparency and accountability through public access to information and other forms of public participation are important tools and safeguards against the spread of these economic and social diseases.
11. There is a need to increase efficiency and performance standards in the public service delivery system especially in terms of its provision of access to smaller ethnic minorities and poorer communities. To ensure that inefficiency, bias, and other class or ethnicity-related problems are minimized, monitoring systems should be established to provide feedback from all social and ethnic groups and to enable tracking of progress of various projects, including measurement of actual performance for the different social and ethnic communities. Currently too whatever monitoring system that exists is entirely within the confines of the civil service. These monitoring mechanisms need to be broadened to include participation by community leaders and grassroots-based NGOs. Such participatory monitoring mechanisms will ensure accountability, transparency and public scrutiny of the implementing agencies.
12. The distribution of publicly listed shares to Bumiputera minority shareholders during IPOs should be implemented in a fair, transparent and equitable manner. Currently, an elite group benefits from such IPOs. The continuous divestment by Bumiputera shareholders (partly as a means of asset diversification) has been mainly responsible for the so-called "under achievement" by Bumiputera in relation to the NEP Corporate Equity targets. Even if this divestment is not taken into account, Bumiputera share of corporate equity presently is well in excess of 30 percent, if more objective methodologies of measurement are used. For example, in calculating the respective ethnic shares of corporate equity, there is a need to apportion the share of GLCs as well as nominee companies according to the ethnic composition of the country. This will provide a fairer and more objective computation of the respective ethnic shares.