Proper Citation:

The Ninth Malaysia Plan: Looking in from outside
By
Dr. Hwa A. Lim, Ph.D., MBA
Silicon Valley, California, USA.
hal@drends.com ; hal_lim@yahoo.com

“I will not deny that we have more work to do to make Malaysia a developed nation, including improving the quality of the human capital, creativity and innovation, productivity and in protecting the environment. That’s why I launched a National Mission to concentrate our efforts.”
- Dato Seri Abdullah Badawi, Prime Minister of Malaysia, winding up the debate on the Ninth Malaysia Plan, April 27, 2006.

To paraphrase Albert Einstein (1879—1955), “God cannot be held responsible for people failing projects.” (‘Transmogrified’ from “Gravity cannot be held responsible for people falling in love.”)

MALAYSIA BOLEH

Malaysia has come a long way since attaining its independence in 1957. When Malaysia attained its independence, many people predicted that the country, with its unique racial mix, could never be stable nor prosper economically. Forty years after the independence, Malaysia became one of the Tiger Economies of the Pacific Rim in the 1990s, made enviable economic progress, and achieved racial harmony, thus confounding earlier skeptics. The principal architect of the Malaysian transformation is the country’s fourth prime minister, Tun Dr. Mahathir bin Mohamed, after successfully serving the country for more than two decades since July 16, 1981, longer than any of his predecessors: Tunku Abdul Rahman Putra (1957—1970), Tun Abdul Razak bin Dato Hussein (1970—1976), and Tun Hussein Onn (1976—1981).

In the fifty years since its independence, Malaysia has gone through eight Malaysia Plans. The Ninth Malaysia Plan (9th MP) was just launched by the current sitting Prime Minister and his cabinet in April 2006. While Tun Dr. Mahathir has put Malaysia on the investors’ radar screen, the current Prime Minister Dato’ Seri Abdullah bin Haji Ahmad Badawi, and his deputy Dato’ Sri Mohd. Najib Tun Abdul Razak, have adopted a very pro-business policy—a policy that has defined the 9th MP and will be critical in achieving its goals.

CHARGING AHEAD

The 9th MP is a blueprint that took over a year and hundreds of meetings to put together. It is a plan that begins in 2006 and ends in 2010, by which time the country’s population will have swelled to about 30 million, based on a projected growth of an average of 1.6% per year. In a nutshell, the 9th MP is an ambitious and wide-ranging development strategy, which reflects the intense efforts of the Malaysian government to move forward in its pursuit of further progress, and to achieve Vision 2020—a target for Malaysia to become a developed nation by the year 2020, that is, by the end of the Eleventh Malaysia Plan.

The 9th MP document is one huge volume of 559 pages. We will just present some highlights:
- The Malaysian economy is projected to grow by an average of 6% annually under the Plan.
- The total trade is expected to exceed RM1 trillion during the Plan.
- Employment growth at 1.9% per year will create 1.1 million jobs, lower than the 3.2% per year achieved during the 8th MP.
- Greater access to tertiary education will be provided to achieve the target of 40% participation rate of the age group IT-23 years in 2010.
- Investments from technology- and innovation-driven industries are expected to be the main driver for the manufacturing sector’s overall growth, which in turn will contribute to greater exports and generate more employment opportunities in the country.
- The Government plans to expand the supplementary business and services industries to maximize the manufacturing sector’s growth potential.
A total of RM5.3 billion has been allocated for Science, Technology and Innovation under the Plan as compared to RM3.3 billion under the 8th MP.

The Government has allocated RM11.4 billion under the Plan to transform the agriculture sector into a modern, dynamic and competitive sector.

Biotechnology is poised to drive the next wave of knowledge-based industries that will contribute to growth and wealth creation, new investment and employment opportunities, as well as deliver social and environmental benefits.

- Allocations for biotechnology is tripled (RM2 billion) compared to the amount under the 8th MP.

The Plan will help the Government boost the adoption of ICT (information communications technology) in the country.

- Malaysia intends to organize more development programs to meet the increasing demand for highly skilled ICT workers in the country.
- The Government will strengthen Malaysia’s worldwide position as a preferred destination for ICT investment and a market leader for ICT solutions.
- In order to bridge the so-called “digital divide,” the Government intends to change the mindset of rural communities towards ICT usage.

A sum of RM10.28 billion will be allocated for health sector development.

- Caring for the aged is a very Malaysian culture.
- There is a dire need for the Government to seriously address the apathy among Malaysians when it comes to fitness.
- Privatizing medical and health care may be a natural progression in government business but the Government must also ensure there is a National Health Authority that will monitor healthcare provisions and to meet public’s health and medical needs.

The Government will encourage the concept of the home office to encourage more women to be involved in business activities, especially in agro-based industries, under the Plan.

Greater collaboration in research will be undertaken between public institutions of higher education and the local industry and research institutes as well as with reputable foreign research institutions, universities and firms.

A sum of RM652 million has been set aside for sustainable tourism development to ensure preservation of natural habitats and environment.

- Tourist arrivals in Malaysia are poised to reach 24.6 million by 2010, contributing RM59.4 billion to the country’s economy, with the bulk of travelers comprising intra-regional tourists.
- Tourism is the second largest contributor to the country’s economy after manufacturing.

The Government will intensify its efforts to enhance the integrity and transparency of the public and private sectors during the Plan period and further improve the level of good governance in order to facilitate development.

The 9th MP should be applauded for how it makes contact with knowledge economy, technology, biotechnology, education and developing human capital, particularly empowerment of women. The competition for global investments has gone beyond merely cutting business costs to include offering cutting edge technological capabilities and protecting intellectual property. To stay competitive, the government has to invest heavily into developing new growth engines for the economy with a strong focus on higher-value, research-intensive industries.

The changing social fabric in Malaysia has made the involvement of women in the workforce and public sector an issue that requires immediate attention. And judging from how women have been contributing to the Malaysian society, the artificially imposed glass ceiling should have been broken.

**THE MALAYSIAN AdvANTAGES**

Malaysia has an underrated talent pool, a huge natural resource base and an excellent infrastructure. It is located in the fastest growing region in the world, sandwiched between two economic powerhouses—China and India. Currently Malaysia is not taking full advantage of the growth poles around the country, as the country looks at the competitive threat of China and India instead of the opportunities. The Asian Development Bank has projected a growth rate of 6.9% for the region, with China and India leading the peck, growing at 9.5% and 7.5%, respectively. And the upcoming and
emerging economy of Vietnam, which at 8.4% is now the second fastest-growing economy in Asia. This should be contrasted with the relatively lower projected growth rate of 6% for Malaysia.²

The Malaysian government is right on the money to focus on biotechnology. The biodiversity of the country’s jungle is worth many times more than the value of the log and timber it provides; the micro flora, micro fauna and other microorganisms in the soils, waterways and ocean floors are Malaysia’s heritage and natural endowments that have yet to be fully explored, exploited and protected against prospecting, and to be converted into wealth creation.

TALES FROM THE TAPE

Manufacturing comprises 80% of Malaysia’s exports. China and India will pose a challenge to manufacturing margins while Indonesia will catch up with Malaysia in the production of palm oil and rubber. Like China and India, Vietnam has benefited enormously from the return of a diaspora — people who had fled the country. Thousands of overseas Vietnamese have come home after learning English, gaining entrepreneurial experience and acquiring technical skills. Vietnam’s appeal to foreign companies rests on its young labor pool. Three-fifths of its 84 million people are under 27. And with a policy of limiting families to two children, as distinct from China’s one, Vietnam will continue for many years to have a large proportion of hard-working low-skill employees. This undoubtedly will challenge Malaysia’s supply of relatively cheap labor and the manufacturing sector.

Quickly commercializing new technologies is most developing nations’ forte, but manufacturing like a demon will only earn profits for the manufacturing sector. These nations cannot just compete on efficiency and cost-effectiveness; they also have to compete on innovation, talent and creativity. If the service industry remains at a third world level, then even the most advanced manufacturing will NOT do much good. Indeed, in a 2006 Global CEO Study, 765 CEOs from around the world, 30% of whom were from the Asia-Pacific region, discussed what they would be looking for in the immediate future. The CEOs, from a wide segment of industries, were looking for innovation from the product and services perspectives, and for going into new markets. The message — business model innovation was important, external collaboration essential and innovation must start from the top — came across loud and clear. And “innovation” does not mean innovations only in products, services and markets, but also in operations and business models.

For Malaysia, given that the GDP growth is projected to be strong at 6%, the currency is strengthening, which gives a positive mentality, and the IT industry is expected to grow by about 11%, the environment has been ripe for innovative changes. But there is a dichotomy between the wants of CEOs and the ability of management to innovate. It is about using technology more effectively as a competitive edge; it is about people and building the capability of Malaysians. In terms of risk-taking, Malaysian managers tend to be risk-averse; and in terms of entrepreneurship, there is not enough happening there. Not surprising, the 9th MP focuses on entrepreneurship, innovation and collaboration, among many others.

The RM200 billion allocated for the 9th MP is relatively small by the standards of developed nations, a status Malaysia is striving to achieve by the year 2020. The U.S. federal budget for 2006 is $2,250 billion, and the military spending alone is $420.7 billion, about 8 times Malaysia’s 5-year budget. The Malaysian government thus needs to get value for the money in executing all the plans.

As for research and development (R&D), the Office of Science and Technology of the U.S., the world’s most advanced country, has a federal R&D budget of $132.3 billion for year 2006 alone ($1=RM3.6). Singapore, Southeast Asia’s most advanced country, has plans to spend $8.31 billion ($S$13.55 billion) for R&D in the next five years (2006—2010) to sharpen its competitive edge in the face of rising regional rivalry. Of the total amount, $S$5 billion will go to the newly established National Research Foundation (NRF), $S$7.5 billion to the trade ministry and $S$1.05 billion to the ministry of education.³ This island-nation is already a key production base for semiconductors and pharmaceutical ingredients used in a wide range of medicine around the world. With this phase of R&D funding, Singapore is poised to build on its position as a leading global biomedical hub of Asia. It will support research such as stem cells, infectious diseases and diagnostics. In fact in 2005, the biomedical manufacturing output in Singapore reached $11.4 billion, exceeding the target by 50%!

Noting that Malaysia cannot become a developed nation without acquiring significant capabilities in science and technology, the Malaysian Prime Minister Abdullah Badawi has allotted $1 billion to R&D over 2006—2010, which is about 1.5% of the national GDP. Of the 6% growth over the next few years, an increasing amount of the growth will be attributable to high technology and knowledge intensive activities, such as electronics and biotechnology. The sum is for expanding existing special manufacturing zones (such as Kulim High Tech Park) as well as the establishment of up to 20 new
industrial parks throughout the country. The government would also develop industry clusters around areas where electrical and electronics firms are already heavily concentrated (for example, Penang).

The new funding will also be directed towards the biotech industry, with a pledge of $544 million to complement the private sector funding in the development of niche areas like biotechnology in healthcare and bioinformatics. To support these industries, the government will open more centers of advanced technology and strengthen accreditation systems to double the country’s annual intake of technical trainees. The trainees will study a curriculum enhanced with the cooperation and input of industry. The government has also launched a $136-million program to produce more researchers, scientists and engineers. The target is a rate of 50 people in these professions for every 10,000 active members of the labor force by 2010.

A goal of the Government is to strengthen Malaysia’s worldwide position as a preferred destination for ICT investment and a market leader for ICT solutions.

The Government has made the right move by promoting the services sector. However, it is interesting to note that Malaysia only earned $8.8 billion from 16.4 million tourists in 2005 while Thailand earned $11.6 billion from 13.4 million tourists in the same year. Tourism earned 80% more than palm oil and only 30% less than oil and gas in fiscal year 2005. There is thus some work to be done in the tourism industry.

POTENTIAL ENEMIES WITHIN

There are associated growing pains when a nation is emerging from a developing nation into a developed nation. Malaysia is not immune to them either. The key is to be on the lookout for such malfeasances, minimize their occurrences, if not nipping them in the bud.

Soon after the announcement of the 9th MP, industry players have hailed the incentives, various commentators have shown optimism, but with caveats of Little Napoleons, such as: “Little Napoleons no doubt exist but firm action should be taken to eliminate the menace…”, “Most of the criticisms from the public are directed at the Little Napoleons in some of these departments…”. “It is time for the Little Napoleons to realize that they have to earn their respect through sheer hard work and integrity…”

This type of impedence of public delivery system arises because of the haziness of the concept of separation of powers, particularly at the implementation stage. The powers of officials, as provided by the laws, have frequently been usurped by ambitious politicians and jeopardized by unscrupulous businessmen at ground level, consequently placing the weary officials in a dilemma resulting in fear to decide and to act. This state of affairs affects the public delivery system, becomes a vicious circle in administration, and causes confusion in the minds of the population. The roles of politicians and officials should complement each other, and not usurp each other. Blurred roles of politicians and officials in the implementation of development projects can only cause interruptions and delays, if not outright failures.

There are other potential enemies within. We will list a few more common ones.

Pötemkin Village

A Pötemkin village is named after Prince Grigori Aleksandrovich Pötemkin (1739-1791) who was a Russian army officer and statesman. He spared neither men, nor money, nor himself in attempting to carry out gigantic schemes, but he never calculated the cost, and most of the plans had to be abandoned when but half accomplished. Even so, Empress Catherine’s tour of the south in 1787 was a triumph for Pötemkin, for he disguised all the weak points of his administration—hence the apocryphal tale of his erecting artificial villages to be seen by the passerby Empress. Thus, a Pötemkin village is a pretentiously showy or imposing façade intended to mask or divert attention from an embarrassing or shabby fact or condition.

A case in point is Enron Corporation. To hawk a new venture to Wall Street at a 1998 conference, Enron built a make-believe command center and ordered employees to act like they were cutting deals, months before it was operational! This theatrical presentation helped make the now disgraced bankrupt energy-trading giant a one-time darling of Wall Street.

Shells, Pyramid And Ponzi

A shell company is one that has no or nominal operations, and either no or nominal assets or assets consisting of cash and cash equivalent. Shell companies can operate in a few forms, including billing an entity (company or government department) for goods or services it does not receive; or marking up the costs of goods or services before they are resold to an entity.
A pyramid scheme is a scheme in which a hierarchy is created with people joining under others who have joined the scheme previously, and in which those who join make payments to those upstream in the hierarchy, with the expectation of being able to collect payments from those downstream. Pyramid schemes are prohibited by the laws of most nations; the schemes are variously defined under these laws either as a form of gambling, or more accurately, as outright fraud.

A Ponzi scheme, named after Charles Ponzi who ran such a scheme in the U.S. from 1919 through 1920, is an investment scheme in which returns are paid to upstream investors, entirely out of money paid into the scheme by downstream investors.\(^{11}\) Ponzi schemes are similar to pyramid schemes, but differ in that Ponzi schemes are operated by a central entity—an organization, a person, or otherwise—who may or may not be making other false claims about how the money is being invested, and where the returns are coming from. Thus Ponzi schemes do not necessarily involve a hierarchal structure.

**Shenanigans of Scandalous Proportions**

There are also recent cautionary tales from other emerging nations. A nation’s eagerness to embrace new technology, its fiercely nationalistic desire to become No. 1 in the world and its overriding emphasis on quick achievements can bring awkward moments. A case in point is the recent clone-gate that fabricated data to claim to have cloned patient-tailored human stem cells. When unraveled in 2005, the fraud was a severe embarrassment for the government, which had invested copiously in the research.\(^{12}\)

A nation may no longer be content with being the world’s low-cost factory floor; it may want to show it can compete as a scientific and technological power. The nation may yearn to project a high-tech face to the world and a fraud may symbolize this drive. A chip-gate that was unraveled in 2006 involved an individual hiring migrant workers to simply scratch away the name of a manufacturer from a computer chip and replace it with his company name. The specifications were then given to manufacturers to mass-produce under the company name. The now disgraced top brass of this scheme claimed to have invented the chip and was hailed a national hero, showered with accolades and flooded with funds, until it was found otherwise.\(^{13}\)

What this individual has done wrong is to replace names. Similarly, it is not unlikely that many a researcher might just simply substitute the names on, for example, business plans and claim them as one’s own; or in these days of digital world, to digitally doctor names on patent documents and claim the patents as one’s own. Not surprising, even with copious funding from the government, they eventually fail to deliver because of a lack of core competency or expertise.

Another commonly practiced business shenanigan is to set up an umbrella of companies. Deals are negotiated through one of the companies under the umbrella. Then when deals are almost struck, the receiving company would turn down the deals at the opportune moment, sign the deals through another company under the umbrella, thus essentially short-circuiting out the offering company and a lot of parties in between in one sweep scoop. Other ruses include applications for multiple grants from the government through different companies; or to use one company to secure a grant, use the fund for other purposes, and then apply for more grants using other companies.

Reregistering company names is yet another trickery. In a start-up company, agreements might be signed between the company and its founding members. Then when the company has achieved certain milestones and the future is more certain, the company name might be reregistered, thus nullifying the founders’ agreements since the new company is not the signatory company.

Other instances abound, but these examples suffice to show the point. These malfeasances are common in the commercial sector, as well as in federal-funded projects; they are rampant not only in emerging countries, but also in advanced countries. For those involved in the malfeasances, most get away, few get caught. Many others, mainly innocent stakeholders such as the common citizens, particularly taxpayers (meaning contributing citizens), suffer in the wake. A scam of a different nature, Bill-gate—making of fake currency bills—is a problem that Malaysia is facing currently. In this case, the impact on the society is more direct.

Minimization or nipping in the bud of these malfeasances—shells, Ponzi and pyramid schemes, Pötemkin villages, shenanigans, and Bill-gate—is in line with the Government’s intensification of efforts to enhance the integrity and transparency of the public and private sectors and to further improve the level of good governance during the 9th MP period.
SUMMARY

Malaysia has made lofty, but not unachievable, goals in the 9th PM. The educated society that is emerging is more vocal and wants to see a country that is well managed by the right people in the government and private sectors. The people want a prime minister who is with the people and for the people. Now they have one—in the duo of Dato' Seri Abdullah bin Haji Ahmad Badawi and Dato' Sri Mohd. Najib Tun Abdul Razak, particularly the latter, who is extremely pro-science and pro-technology. Under these conditions, most people would concur with me that there is no doubt about the ability of the Malaysian government to deliver as it has done so in previous plans. Now it is to see the 9th MP through and get value for the money in executing all the plans. No Little Napoleons. No Pótemkin Villages. No shenanigans. What is needed is a lot of good common sense, hard work, good governance, good ethics and integrity.

Ultimately, when the tide rises, everyone—each and every Bangsa Malaysia—has to rise with the boat. The Ninth Malaysia Plan is, after all, an effort to make Malaysia more affluent for the benefit of all Bangsa Malaysia, every single one, regardless of race, color, creed, ancestry, sex, marital status, disability, age, national origin, religious or political affiliations.

To paraphrase Mark Twain (1835—1910), Malaysia has been talking a lot about Vision 2020, government transparency, innovativeness, entrepreneurship, and others, but there is a lot more work to do to make Malaysia a developed nation. Rather than continuing to talk the talk, Malaysia has now a unique window of opportunity to really further walk the walk.

ABOUT THE AUTHOR

Dr. Hwa A. Lim, aka Hal.

Dr. Hwa A. Lim, Ph.D. (science), M.A. (science), and MBA (strategy and business laws), B.Sc. (Hons.), ARCS, born in Kedah, Malaysia in the year Malaysia attained its independence, is sometimes also known as “The Father of Bioinformatics.” He was program director of a supercomputer institute and tenured state-line faculty at Florida State University until 1995. Hal has served as a bioinformatics expert for the United Nations, a review panelist for U.S. National Cancer Institute, and as a consultant for prominent firms. Currently he is Adjunct Professor (Math. Sc., and Mole. & Cell Biology) at the University of Texas at Dallas. He was appointed a member of the International Expert Panel for BioValley Malaysia in March 2004 until its reclassification. Dr. Lim resides in Silicon Valley, California, USA. He can be reached at hal@dtrends.com, hal_lim@yahoo.com.

BIBLIOGRAPHY

5. “CEOs see innovation as growth driver for companies”, *The Star*, May 16, 2006.


11. Definition provided by Bob Blaylock on [www.impulse.net](http://www.impulse.net).
