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THE MALAYSIAN SUCCESS STORY: LESSONS FOR SOUTH AFRICA?

Steve Stead*

Executive Summary

Affirmative action or 'positive discrimination' is not a recent policy. Although arguably the best-known example is that of Malaysia in the form of the New Economic Policy covering the period 1970–90, there are a number of other examples of similar policies, including those in India and Sri Lanka, from which lessons could be learned.

For obvious reasons, there is a tendency for followers to extract the positive lessons or benefits and concentrate on these, to the exclusion of the negative aspects. Additionally, the context and national environment within which the policy was designed, what aims and objectives it sought to achieve, the factors that provided impetus and those that constrained progress and momentum, and the influence of the regional and international communities should not be taken lightly. For example, the value of the tin mines and rubber industry in Malaysia and the fortuitous discovery of oil in 1972 — coinciding with the 'oil crisis' and the subsequent quantum increase in prices — all played important roles in growing the economy and providing a stable investment climate, thereby providing a nominal increase in general personal income, which served to satisfy all sectors of the population, despite the decline in the percentage of the non-indigenous groups' participation in the economy. The national programmes (FELDA, MARA, PERNAS and PNB), which built up the agricultural sector through increased productivity, financed directed education, and provided the vehicle through which Malays could gain access to share capital in a sequenced and structured manner provided an impetus at the national level to 'fast track' the pursuit of economic parity. The emergence of a wealthy elite, benefitting from patronage and exploitation of the policies, should not detract from the overall success of the programme. A superficial comparison with Singapore, initially an integral part of Malaysia, shows that often there is an overlooked common factor that can facilitate the pursuit of the national objective, but may carry with it an acceptance of a limitation on democratic liberties.

There is a great deal for South Africa to learn from the Malaysian affirmative action experience, both positive and negative, but the 'bottom line' is the overriding necessity for stability and economic growth, and an acceptance that adaptation is the preferred route to follow, not simple application.

* R-Adm. (JG) Steve Stead (Rtd) is the Deputy Director of the Brenthurst Foundation. This paper is based on an extensive research trip to Malaysia in March 2007; see <<http://www.thebrenthurstfoundation.org>>.

Introduction

To anyone unfamiliar with the history of Malaysia, the prominent signage in the capital, Kuala Lumpur, this year creates the impression of yet another tourist drive: *Visit Malaysia 2007* displayed on large banners, billboards and even in formal flower beds lining the motorways. However, what was driving this particular marketing campaign was the celebration of 50 years of Malaysian independence on 31 August. (In fact, it was the Federation of Malaya that was granted independence within the Commonwealth on that date, while Malaysia — the federation of Malaya with the then-British crown colonies of Sabah, Sarawak and Singapore — emerged on 16 September 1963, but it serves no purpose to split hairs on the issue.)

While the fact of Malaysia being in existence for a half century in itself would not raise many eyebrows, if one considers that Ghana celebrated the same anniversary on 6 March 2007, and a comparison is made of the two countries, the remarkable success story that is Malaysia is placed in perspective.

To what should the Malaysian success be attributed? The primary driver was the New Economic Policy (NEP), introduced in 1971 to achieve a more equitable distribution of wealth within the Malaysian population. The success of the programme has spawned a number of publications advocating it as a blueprint for South Africa to emulate in its pursuit of the goal of empowering previously disadvantaged groups.¹

Factors fuelling government intervention

Why was it necessary for Malaysia to introduce a programme that could be viewed as discriminatory and might prove to be internally divisive? Facing major dissatisfaction over the disparate wealth distribution, magnified by an ethnic division within this disparity where the 'non-indigenous' population, who tended to be concentrated in the urban areas, held the lion's share of the wealth compared to the 'indigenous' population, who were found primarily in the rural areas, the political alliance that had emerged to take Malaysia into independence was faced with a potentially unstable, if not explosive, situation. The probability that it would 'solve itself' with the passage of time carried too great a risk, for the situation was being fuelled by a growing dissatisfaction among the indigenous people.²

To have a better understanding of the extent of the problems faced and the path taken by Malaysia, one should take cognisance of two influences. The first of these was the immigration of large numbers of Chinese and Indians during the period of colonial rule, which distorted the racial balance in peninsula Malaya, and the second was the period immediately following the Second World War, during which, as a result of the 1942 Japanese destruction of the myth of British supremacy, an independence movement started to germinate.³ This became visible in the reaction of the Malay people to the British proposal of a Malayan Union in 1948, which was the formation of the United Malays National Organisation (UMNO), which vehemently opposed the union. Why? A number of factors emerge:

- ◆ The local Chinese constituted the bulk of the Malayan Peoples' Anti-Japanese Army during the Second World War, which was dominated by communists. This provided the basis for the Malayan Communist Party's political activities after the war, which were viewed as Chinese imperialism. (It is possible that the Malayan Union was an effort on the part of the British government to provide the local Chinese with an alternative to communism.)

¹ For example, Adams, C. (ed.) (1993) *Affirmative Action in a Democratic South Africa*. Juta & Co. Ltd. Kenwyn; Emsley, I. (1996) *The Malaysian Experience of Affirmative Action*. Human & Rousseau Tafelberg; Thomas, A. (2002) 'Employment equity in South Africa: Lessons from the global school', *International Journal of Manpower*, 23, 3.

² Emsley, op.cit., p.18.

³ Rashid, R. (2006) *A Malaysian Journey*. Rehman Rashid, p.25.

- ◆ The powers of the traditional Malay rulers, the sultans, were removed and these rulers were to be replaced with a centralised government.
- ◆ All residents of the union would qualify for citizenship, with universal franchise.

With an estimated 41% of the population at that stage, this meant that there was a clear danger that the Malays could surrender their political power.⁴ After concerted lobbying, UMNO was recognised as the representatives of the Malay community and inherited the responsibility of drafting a new constitution, resulting in decentralised government functions that retained the role of the sultans and the individuality of the states. Additionally, a forum called the Communities Liaison Committee was created where the leaders of the racial groups sought consensus and decided policy away from the public eye, in a process that has been described as 'elite accommodation'.⁵ What was, however, very evident was the non-negotiable status of Malay political power and the requirement for economic and cultural concessions to be made by the Chinese and Indian communities.⁶ The bargain or trade-off reached was that Malay political domination would be 'traded' for an open economy that allowed the Chinese to retain economic power.⁷ If the impression is gained that the bargain represented a relatively insignificant victory for the Malay people, it should be recalled that at this stage the Malay leaders were not confident of their position for reasons of demography. Only later, with the inclusion of Sabah and Sarawak and the secession of Singapore, would they become reasonably secure in this area.⁸

Formalisation of the intervention

The relatively well-known race riots of May 1969 have been attributed to two primary factors — Malay concerns at continued exclusion from the economy (after 12 years they still held only 2% of the economy)⁹ and Chinese accusations of their representatives in UMNO acquiescing to the relegation of Chinese interests — including the demographic 'manipulations' of the early 1960s. To this can be added the 'spark' of the provocation of Malays in Kuala Lumpur after the unexpected results of the elections. It should, however, be recalled that this election took place 12 years after the heady days of independence, and it was during this time that the divergent Chinese and Malay dissatisfaction with the direction the country had taken since independence built up — and erupted in the immediate aftermath of the election. Within 24 hours, a state of emergency was declared, parliament was suspended and the National Operations Council assumed control of the country.¹⁰ Within 20 months, the NEP was introduced and parliament reconvened. The essence of the NEP was to achieve a 30% share of the nation's economy for Malays.¹¹ Non-Malays, i.e. the Chinese and Indian share, would be limited to 40%, and that of foreigners to 30%, with these targets to be met within a time scale of 20 years.¹² The political (and economic) risk inherent in this plan was the alienation of the 'haves' with any redistribution of wealth; but, if economic growth could be guaranteed, the size of the cake would be increased and all would benefit — albeit relatively, with some benefitting more than others.

Driven by the engine of the NEP and supported by the constitutional protection of the indigenous people (Bumiputra), the affirmative action plans were designed to achieve four objectives:¹³

⁴ Emsley, *op.cit.*, p.17.

⁵ *Ibid.*, p.18.

⁶ *Ibid.*, p.19.

⁷ *Ibid.*

⁸ *Ibid.*

⁹ Rashid, *op.cit.*, p.86.

¹⁰ *Ibid.*, p.95.

¹¹ *Ibid.*, p.97.

¹² Emsley, *op.cit.*, p.51.

¹³ *Ibid.*, p.26.

- ◆ the eradication of poverty;
- ◆ the removal of the association of race with function;
- ◆ the balancing of equity ownership; and
- ◆ the creation of a Malay commercial and industrial community.

The NEP had phases of progress and targets for the achievement of its sub-objectives. Commencing with the agricultural sector, for obvious reasons, the Federal Land Development Agency (FELDA) was established to facilitate productivity improvement, increasing the land under cultivation and providing economically viable plots for Malay farmers. Additionally, FELDA facilitated the change from a concentration on rubber to palm oil, thereby laying the ground for the economy to benefit from a greater relative price increase during the subsequent 20 years. The MARA education scheme for Malays in the sciences at overseas universities in order to meet the technological vacuum was funded by the NEP through the Employees Provident Fund and foreign borrowing¹⁴ — again, a calculated risk.

However, the discovery of oil in 1973 provided a source of national funding that had not been included in the planning. With the security of oil revenues backing the government, the foreign ownership of plantations (Guthries, Sime Darby, Harrisons) and mining (London Tin) was then targeted to ensure that the planned reduction to the target of 30% ownership was achieved. The National Corporation (PERNAS) was used as the vehicle to achieve transfer of the assets to Malaysian control.¹⁵ As an example, by 1982 over 60% of plantations were in Malay control.¹⁶ The acquisition of commercial banks followed to ensure the beneficial availability of funding for Malays. This trust agency approach was cemented by the creation of the Permodalan Nasionale Berhad (PNB) or National Equity Corporation, designed as an investment trust for Malays at national level to act as the main vehicle for facilitating the redistribution of equity ownership. Investors (ethnic Malays) could then buy units at a nominal cost and benefit from the return on investment in a secure financial environment. There was, however, an important feature of the scheme — that units could only be resold at post offices or through appointed agents and were redeemable at purchase value, thereby ensuring the absence of a secondary market for resale of the units to non-ethnic Malays, in the interests of capital gain.¹⁷ However, the investor received an annual dividend and a bonus to compensate for loss of capital appreciation, which during the period of the NEP was approximately 10% above return on commercial bank deposits. The popularity of the scheme is reflected in unit holding — 44% of the qualified population had taken units by 1990.¹⁸ This growth of 'middle-class wealth' constituted one of the foundations on which the growth of the Malaysian economy could be planned — with the improvement in living standards, education and self-esteem, the centrifugal force in the country became committed to the government and its vision, providing the support needed to embark on the quantum shift from an investment-driven to a productivity-driven economy that saw the decision to embark on a domestic vehicle industry (the Proton), heavy industry establishment and major construction projects like the administrative capital of Putrajaya and the Petronas Towers.

Relevance to South Africa

The relevance of Ghana in the discussion is only for a comparative assessment of two ex-British colonies that have enjoyed independence for 60 years — and the difference between the two today does not need to be pointed out. Did Malaysia enjoy any advantages over Ghana at the time of independence? Both countries had mineral deposits, an established agricultural sector, the same colonial legacy and the foundations of the same administration. It can be argued that Malaysia had oil — but only after 1973. If one

¹⁴ Ibid., p.40.

¹⁵ Rashid, op.cit., p.131.

¹⁶ Emsley, op.cit., p.54.

¹⁷ Ibid., p.58.

¹⁸ Ibid.

investigates a little deeper, it emerges that unlike many ex-colonies, including the majority of those in Africa, Malaysia maintained the macro-economic stability it inherited at independence and did not fundamentally change the structure of state administration.¹⁹ It can be argued that this provided a measure of stability in an environment of instability created by independence. Perhaps what did constitute an advantage was the commitment of the population to the principles of the NEP after the riots of 1969 — an acceptance by the non-ethnic Malays that unless the economic situation of the Malays was improved, the position of the Chinese and Indians would remain insecure.²⁰ This attitude gave the NEP the impetus it required to meet the challenge of growing the economy and passing the benefits on to all. Some years later, the South African industrialist Anton Rupert would be quoted as saying, 'If the black man is hungry, the white man doesn't sleep', making the point that insecurity in one part of the population means insecurity for all. So a clear vision supported by implementation plans was drawn up; the economy grew; all participated in the increased benefits (although some would benefit more than others); the middle class expanded and cemented the demographic pyramid; and, with the success of the programme, the emerging national identity that it produced was generally adopted — further fuelling the commitment to success. What would likely have happened had the NEP not been implemented? Although this would be speculation, one is drawn to the perceived benefits of the programme and tempted to list the opposites — increased financial disparity with political power in the hands of the Malays and economic power in the hands of the Chinese, growing resentment leading to racial polarisation and conflict, a continued quasi-colonial culture, and certainly no independent Malaysia in the true sense of the word. Why did the Malaysian economy grow at an average 7% from 1970 to 1990?²¹ It did so through national commitment to an economic policy objective of becoming a manufacturing, export-oriented economy. Certainly, the discovery of oil and the increase in oil and commodity prices at a beneficial time should not be overlooked, but too great a focus on these aspects would minimise the value of the other contributory factors to the success — factors like the maintenance of a low inflation rate, government expenditure below growth rate, an open economy and a concerted programme of education.

Applicability to South Africa

Much has been written on the similarities between South Africa and Malaysia,²² and in particular about the parallels that can be drawn between the economic policies of the two countries, although there should be no doubt as to who the leader is and who the follower. Neither country was relatively poor at the transition to the new political order, but similar disparities in wealth represented a major challenge, and the first national leaders were reconcilers, providing the critical link between the preceding and succeeding powers. They could perhaps be viewed as facilitators and humanitarians who were acceptable to all.

When one visits Malaysia today, one is confronted by visual 'trappings of success': the modern international airport, a high-speed train that runs from the airport to the central station in Kuala Lumpur in 35 minutes, the excellent road system, two international motor racing circuits (one for Formula 1 and another for Moto GP), the administrative capital of Putrajaya (built from the ground up, like Canberra and Brasilia), Cyberjaya (Malaysia's Silicon Valley), the Petronas Towers (the tallest inhabited structures in the world), the inner city monorail — the list literally goes on and on. Granted, these edifices were not constructed during the first years of independence, but some form of similar 'trappings' is not very evident in South Africa after 13 years of democracy. Behind the visual signs, are the 'less tangible' signs — the efficiency with which one is moved through passport

¹⁹ <<http://en.wikipedia.org/wiki/Malaysia>>, p.6.

²⁰ Emsley, op.cit., p.21.

²¹ Ibid., pp.43 & 73.

²² For example, Jain, H. C., Sloane, P. J. & Horwitz, F. M. (2003) *Employment Equity and Affirmative Action*. M. E. Sharpe, ch. 4; Murphy, A. S. (2005) 'Affirmative action in a deeply divided society: Lessons for South Africa from Malaysia's successful redistribution policies.' Conference paper.

control, the system that controls allocation of taxis, the professionalism of traffic police and the attentiveness of hotel staff. Why can the Malaysian Department of Home Affairs today produce a private passport in two hours,²³ while not a state in Africa can do the same? Why, for example, are there violent community demonstrations in South Africa because of service non-delivery, while this has not occurred in Malaysia?²⁴ This is arguably the aspect of Malaysian success that has enjoyed the least attention — and it is argued that subordinating the priority of these 'bread-and-butter' issues holds potentially severe implications. It is akin to running a vehicle's engine without oil in the crankcase.

It is not that Malaysia has been free from allegations of underhand behaviour. There have been and, from time to time, still are examples of unethical dealings. The system of using Malays to front organisations funded by Chinese (known as 'Ali Baba' companies — with Ali denoting the Malay and Baba the Chinese)²⁵ in order to qualify for lucrative state contracts is not much different from the practice of blacks fronting companies funded by whites in South Africa in pursuance of the same aim. Yet in spite of these 'deviations from the straight and narrow', Malaysia continues to provide an example for South Africa to emulate and learn from. Returning to the matter of less visible factors, there is a requirement to place the national interest before one's own — if this is possible in the present materialistic international climate — or at least to elevate it to prominence. Without it, there is the danger of each household metaphorically sweeping its dust into the street, resulting in clean houses and a dirty environment. Prime Minister Mahathir, during his initial period in power, took responsibility for inculcating this attitude, introducing initiatives into the public sector that would later be followed by the private sector. He introduced punch-cards for state employees to monitor their compliance with working hours and started them wearing name tags so that the public could report by name anyone who was obstructive, unco-operative or incompetent. He set the example by wearing a name tag himself and insisting that his ministers did likewise.²⁶ He encouraged Malaysia to 'Look East' and change its traditional outlook. This was predicated on two objectives: firstly, it severed any remaining patronage links to Britain, promoting a more objective and realistic approach to independence; and, secondly, it obtained exposure to the work ethic of countries like Japan, Taiwan and South Korea.²⁷ This ethic — primarily a combination of loyalty, efficiency, diligence and cohesiveness, along with directed education — would become pivotal in transforming the Malaysian workforce and preparing it to support its country's programmed advance up the technological ladder.

Another factor that is difficult to measure, but exerts major influence is a 'political ethic' — which may, to the cynics, be a contradiction in terms. Mahathir campaigned in the 1982 elections on a campaign slogan of '*Bersih, Cekap, Amanah*' — Clean, Efficient Trustworthy.²⁸ Not only does this approach tend to cut across party political lines, but it has the potential to transcend racial divisions and to appeal to the international community. Arranged around the political ethic like an extended family are other factors that stir emotion, reaction and dissent — normally selected by the various interest groups for their own benefit, like corruption. The problem is that once the smell or stain of corruption is visible, it tends to become indelible.

However, care should be taken not to accept the impression of a country that has done everything right — one only has to refer to the unrest of 1987 and the politicisation (i.e. emasculation to ensure political control) of the judiciary under Mahathir to see the potential dangers of a strong leader in power long enough to drive the long-term national programme to completion, but also long enough to make him-/herself synonymous with or even above the government.

²³ Discussions with Mohammed Shahabar Abdul Kareem, Director International Trade and Industry, Kuala Lumpur, 13 March 2007.

²⁴ Discussions with the Malaysian Economic Planning Unit, Office of the Prime Minister, Putrajaya, 15 March 2007.

²⁵ Emsley, *op.cit.*, p.54; Rashid, *op.cit.*, p.135.

²⁶ Rashid, *op.cit.*, p.171.

²⁷ *Ibid.*

²⁸ *Ibid.*, p.173.

South Africa stands to benefit more from the 'intangibles' or 'low-visibility' success factors that contributed to Malaysian success than from the high-visibility edifices to national egotism and status. The Petronas Towers, for all their visual impact, are virtually uninhabited as office space, and the two racing circuits are each utilised only once a year. This must result in an enormous cost to the state, which could arguably be better spent elsewhere. The emergence in South Africa of a 'culture of entitlement' holds great potential for division and, when combined, with a process of mediocrity becoming the norm, could mean that the engine room that should drive the national platform will suffer a lack of power to perform its function. This is not just speculation, as none other than Mahathir Mohamad said in August 2002:

Getting scholarships and places in universities at home and abroad is considered a matter of right and is not valued any more ... they don't seem to appreciate the opportunities that they get In business, the vast majority regarded the opportunities given them as something to be exploited for the quickest return.²⁹

Momentum is lost and economic growth, critical to the success of any discriminatory policy, decelerates, reducing the size of the 'pie' and the individual slices, and with it increasing the potential for disruptive reaction. Education needs no further discussion here, but the lesson learned from the Malaysian experience was the value of directed, high quality and, in most cases, international education to support the national programmes — particularly the move to advanced technology. There is a danger of preoccupation with soft issues like human and constitutional rights at the expense of providing employment and getting the economy moving in order to 'grow the cake'. This should be the priority focus area in terms of Maslow's hierarchy of needs, obviously without losing sight of the relative importance of those rights, and resisting the temptation to aim for quick political victories that add little or no value to achieving the larger strategic aim.

India and Sri Lanka

What can South Africa learn from other examples of affirmative action? India, as the world's largest multiethnic society and arguably the most socially fragmented, has a history of affirmative action programmes that extend back to colonial times — and which have been provided for in the Fourteenth Amendment to its Constitution (1947).³⁰ The amendment prescribes equal rights for its citizens, but includes an exception for policies designed to benefit disadvantaged sectors of the population. These provisions were originally set to expire in 20 years, but have been extended again and again.³¹ What is of relevance here are the actual *consequences* of such programmes, as distinguished from their hopes and rationales.³² The conclusion that one reaches from reference to the aims, implementation and effects of the programme is that affirmative action in India has unfortunately produced minimal benefits to those most in need of them and maximum resentment and hostility toward such people on the part of others. Additionally, the general inability of the intended beneficiaries of the programme to make some form of contribution in order to give effect to the original intent has resulted in the benefits going disproportionately to those already more fortunate, rather than those most in need.³³

An assumption implicit in any affirmative action initiative is the ability to control and direct the consequent course of events, but the Sri Lankan experience would clearly

²⁹ Sowell, T. (2004) *Affirmative Action Around the World: An Empirical Study*. Yale University Press, p. 74.

³⁰ Galanter, M. (1984) *Competing Inequalities: Law and the Backward Classes in India*. University of California Press, ch. 2.

³¹ Bajpai, K. (1997) *Diversity, Democracy and Devolution in India*, edited by Michael E. Brown and Sumit Ganguly. MIT Press, pp.53–54.

³² Sowell, op.cit., p.48.

³³ Ibid., p.49.

demonstrate that this is not a given. The actual course of events in Sri Lanka resulted in all groups being worse off, as the country suffered race riots, civil war, widespread terror and even assassination of its leaders.³⁴ Sri Lanka demonstrated the dangers of complacency — particularly when racial or ethnic relationships are affected by circumstances of the right atmosphere combined with the right demagogue.³⁵ This is put into perspective when one considers that the estimated 64,500 deaths that this small island nation has suffered to date from internal conflict is more than the United States suffered during the Vietnam War and clearly exemplifies the dangers of affirmative action policies created with good intent, but implemented without due cognisance of their inherent dangers.³⁶ An analysis of Sri Lanka's experience with affirmative action policies, their effect on the country and its economy and the relevance and applicability to South Africa will be the subject of a future paper.

Singapore

The experience of Singapore is relevant to this discussion, not only because it was part of Malaysia prior to 1965, but also because its principal racial ethnic groups — Chinese and Malays — comprise the majority of the population.³⁷ However, unlike Malaysia, Singapore has never introduced affirmative action policies — in fact, the primary reason for its secession was the discriminatory nature of the NEP against the Chinese. Although both countries follow different policies regarding ethnic groups, both have so far avoided intergroup violence such as occurred in India and Sri Lanka.³⁸ The common factor cannot be affirmative action, because Singapore has no such policy. What both countries have in common are authoritarian laws (which provide for the repression of free speech and civil liberties, and the prevention of racial agitation), political stability and a long period of economic prosperity.

Conclusion

Today, 30 years after the introduction of the NEP, there is still evidence of racial friction and individual negative attitudes in Malaysia. This, however, should be accepted as normal in any multicultural society, as the chances of universal satisfaction are remote. Generally, though, there is an overwhelming sense of pride and satisfaction with what has been achieved and with the status that Malaysia enjoys internationally. A form of national maturity has evolved that allows Malaysians to speak openly about their country and accept criticism — and even to level criticism at their country themselves. A genuine sense of national pride coupled with national discipline is fertile ground for the introduction of new ideas and advancement, and is immediately evidenced in the cleanliness of the city streets, the general efficiency and competence of the people, and the high level of effectiveness — 'things work' is the term that best describes it. Also, the influence of a very evident 'national jealousy' of Singapore should not be overlooked as a catalyst encouraging Malaysian efforts to succeed.

What did arise was a repeated observation that there should be a clear time limit on any affirmative action programmes, as by their nature, these programmes are discriminatory — be they concerned with education, employment or commercial policies — and run the risk of becoming divisive and self-defeating. A strong feeling of prioritisation of Malaysian interests is also present, and by this is meant that Malaysians must enjoy priority for any services, benefits, opportunities and appointments within their country. This may be attacked as xenophobic in certain quarters, but as a senior official said: 'You can't build a

³⁴ Sowell, op.cit., p.92.

³⁵ Ibid, p.93.

³⁶ Crossette, B. (2002) 'The war on terror points a country towards peace', *New York Times*, 3 March.

³⁷ Sowell, op.cit., p.72.

³⁸ Ibid., p.73.

nation where 55% of the population is dissatisfied.³⁹ The debate is also mildly artificial in that today Malaysia is in the fortunate position where unemployment is so low that its citizens can afford to be selective about which job opportunities they are prepared to accept.⁴⁰ However, while a country is progressing to this situation, the needs and expectations of the population must be given precedence. It is according to this perspective that South Africa has to appreciate that its policy of 'open borders' to its neighbours means that whatever economic growth target is set to support affirmative action, it must actually support the region as a whole.

So, is the Malaysian success story the result of intuitive national economic planning or fortuitous social engineering? Any answer to this question is a little like looking at the same room from the door or the window: it may look a bit different, but it remains a success in spite of an estimate that only 5% of the Malays have actually benefitted from the NEP programme and no more than 10% experienced a significant increase in income.⁴¹ This was accepted by Mahathir himself, who admitted:⁴²

These few Malays ... have waxed rich not because of themselves but because of the policy of a government supported by a huge majority of poor Malays. But if these few Malays are not enriched the poor Malays will not gain either. With the existence of the few rich Malays at least the poor can say their fate is not entirely to serve rich non-Malays. From the point of view of racial ego ... the unseemly existence of Malay tycoons is essential.

The trick is deciding which of the routes to follow, which of the risks are acceptable and which liberties will have to be sacrificed in the national interest.

The Malaysian NEP invested in:

- ◆ quality education with a focus on overseas tertiary institutions to provide the necessary skills base;
- ◆ political and societal stability to ensure implementation of medium- and long-term plans, and create favourable conditions for investment;
- ◆ economic growth to materially benefit all racial groups, although with a focus on an increase in Malay representation;
- ◆ reducing the climate for industrial action;
- ◆ a work ethic based on that of the emergent Far Eastern economies, e.g. Taiwan and South Korea, which committed the people to success; and
- ◆ a national discipline that permitted control over inflation during the difficult times.

The NEP aimed at increasing Malay ownership in the economy to 30% by 1990. Although it achieved only 18.4%, the reaction was merely to extend the NEP under a new name — the National Development Programme. What is at issue here is the clear, measurable nature of the objective, in contrast to South Africa, where the objective is described variously as 'transformation of the economy', without any definition or description of what this means, and the programme calls for '... stronger teeth to foster black *control* of the economy.'⁴³ Malaysia advocated increased *participation* in the economy, largely, one assumes, because the use of terminology like 'control' is virtually guaranteed to elicit adverse reaction.

In conclusion, Rehman Rashid makes an interesting observation in his book, *A Malaysian Journey*:

³⁹ Greg Mills, 'Bumping against the Bumiputra policy.' *Business Day*, 30 April 2007.

⁴⁰ *Ibid.*

⁴¹ Puthuchearu, M. (1989) *Public Policies Relating to Business and Land, and the Impact on Ethnic Relations in Peninsular Malaysia: From Independence to Statehood*, edited by R.B. Goldmann and Jeyaratnam Wilson. University of Chicago Press, p.163.

⁴² Mahathir bin Mohamad, (1970) *The Malay Dilemma*. Asia Pacific Press, p.44.

⁴³ Pressly, D. (2007), 'Mbeki joins divisive employment equity debate', *Business Report* 22 July.

The Chinese had resisted making any commitment to Malaya while it was still part of the Empire. It took the independence movement, spawned by the Malays to focus their minds on what their fate would be in a Malayan nation. The formation of the Malayan Chinese Association in 1949 was testament to the investment of past Chinese generations in Malaysia and a declaration of their intent to stay and be a part of its future.

Is this perhaps one of the lessons that could be applied to South Africa? There are sectors of the population which accumulated wealth over the years but conveniently ensured that they retained the ability to move their wealth (and themselves) out of the country at the first signs of threat. At best this amounted to a temporary investment and a similar lack of commitment to that identified by Rashid. This attitude breeds distrust and rejection in the other sectors of the population who see themselves as being long term investors and stakeholders – and without a firm commitment to the future by all those who intend being part of that future, that component which provides the additional impetus required for social progress and economic growth will always be absent.