

Only strong govt can undo Mahathir's damaging policies, says fund manager

By **Robin Augustin** - October 12, 2022 7:30 AM

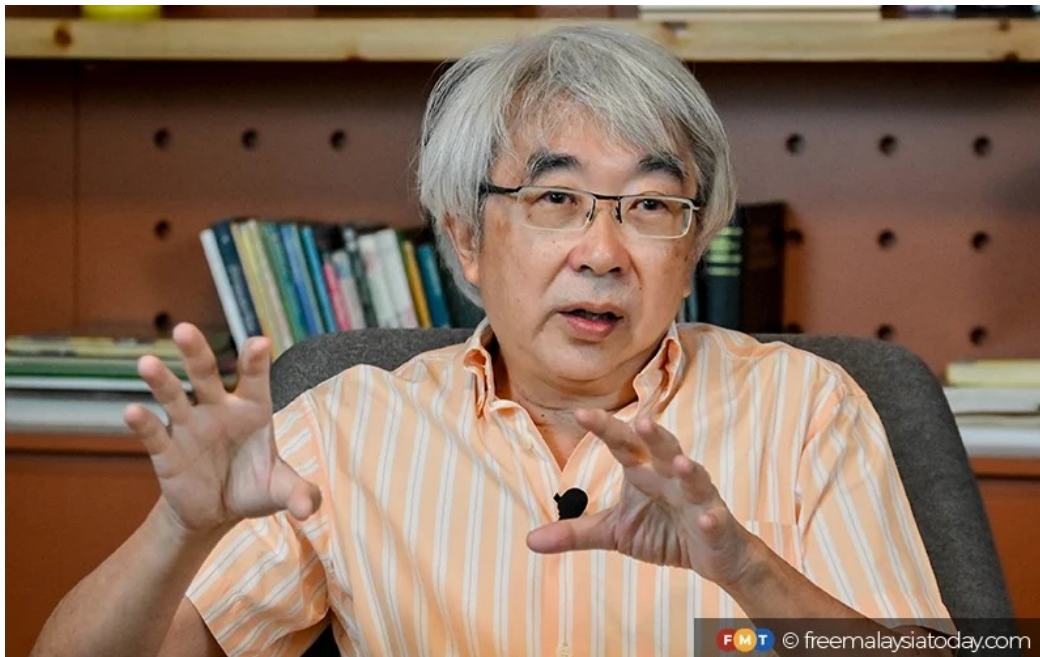
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Solid policies are needed to right what went wrong under Dr Mahathir Mohamad, says international fund manager Tan Teng Boo.

PETALING JAYA: A global fund manager says a strong government and solid policies are needed to undo the damage caused by Dr Mahathir Mohamad's economic policies.

Tan Teng Boo, who heads the Capital Dynamics group, said Malaysia was still paying the price for policies initiated decades ago.

He said Mahathir's policies in the 1980s and in the Pakatan Harapan

government of 2018-2020 had been damaging to the country.

He cited Mahathir's focus on heavy industries and the development of the national car industry as examples of those policies.

"Why would we, as a small market at the time, think we needed a national car policy when we had other priorities?" he told FMT Business in an interview.

Tan said Proton, a product of Mahathir's heavy industries programme, had been struggling for years and its market share dwindled from over 70% in 1993 to 12.5% in 2016.

Its problems culminated in the sale of a 49.9% stake in the company to Chinese car maker Zhejiang Geely Holding Group in 2017 – after Mahathir had stepped down.

"Who objected to Geely coming in? The same person. If you don't allow foreign partners to work with Proton, where would Proton be?" he said.

The Proton sale amounted to a rescue of Mahathir's heavy industrialisation policy, he said.

"Thanks to Geely, and (Proton's) pretty capable CEO, they're trying to catch up".

The way forward

Tan said Malaysia needed a government that was strong enough to tackle a lot of long-term problems, which was not possible without political stability and good leadership.

He said the recent stock market performance was linked to political uncertainty and a lack of confidence in the long-term outlook for Malaysia. However, the withdrawal of foreign funds from Bursa Malaysia to below the 10% mark was a trend seen as well in other emerging markets, he said.

He said there was a need for the government to create a quality workforce and this was rooted in a high quality of education.

"Not just at the university level, (but) from primary school, all the way. Not just universities (but) vocational institutes and technical and vocational education and training institutes.

"You look at Korea, Germany, they don't just emphasise degrees but also technical skills and these people come up highly respected with very good salaries and job prospects."

Tan said politicians needed to think and act like statesmen as good governance was important to nurture high-quality talent.

There was a need to reach a balance between a race-based policy versus a performance-based policy, he said. "Either extreme is not suitable for Malaysia."

"Malaysia is too much geared towards race-based, so we need to swing more towards performance-based. It's not black and white."

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