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Balancing the costs of progress

IN THE final analysis, nothing reflects confidence more than a willingness to put money in a project that will only take off in the future. On Tuesday, 54 domestic financial institutions signed to underwrite the shares of Bakun Hydroelectric Corporation Bhd (BHC), the company that will undertake the Bakun hydroelectric dam project in Sarawak. These financial institutions will subscribe to shares issued in the company's flotation. In principle, the 54 underwriters have agreed to hold BHC shares, displaying a confidence in the company and the project.

There have been many criticisms of the hydroelectric project, from "analyses" by non-governmental organisations (NGOs) that it destroys the environment to so called "studies" saying that Bakun would not be safe. But one must take a closer look and not simply jump on the bandwagon and condemn projects that will yield long term benefits to the nation and its people. The first examination would be to determine what the NGOs, especially foreign-based ones, would gain if the Bakun project were halted. During Prime Minister Datuk Seri Dr Mahathir Mohamad's last visit to New Zealand, a group of demonstrators lined a street carrying banners condemning the project. The amusing part of the story was that many, when asked, did not even know where Sarawak was. It would thus be rather silly to believe that groups such as these are on a crusade to save Sarawak's forests. The truth is simple. If Bakun is stopped, Malaysia will continue to rely on depleting resources such as gas and coal. When prices of both commodities increase, power will become expensive and Malaysia will lose its competitive edge.

The 54 underwriters and the Malaysian Government, on the other hand, know where the Bakun project is and why it is needed. If there are any parties at all in a position to doubt the project's viability and safety, it would be the government and the underwriters. Bakun is needed primarily to maintain a low cost for power and to ensure an adequate supply. As a rapidly developing country, surrounded by equally robust competitors, these are necessities. In recent decades Malaysia has progressed as a favoured investment destination in the region and these investments have expanded the economy further. The benefits have permeated down to the entire population, in terms of better standards of living and income. The stream of investments have to be maintained, lest the economy and the population be affected. Operational costs for investors - the price of power included - must be maintained at a low level to contribute in keeping the overall costs of doing business in Malaysia low. At the same time, it also explains why the Government is very much interested in the project's completion. The fact that it has been awarded to the private sector reinforces the Government's commitment towards the project's completion as Malaysia's privatization policy has proven to be a success and beneficial.

Indeed, a certain price has to be paid and Bakun is not the only large scale project where the overall benefits of development have had to be weighed vis-a-vis the environment. When the North-South Expressway was being constructed, hills and forests had to be cut. The choice then was to preserve the hills and forests and endure the choked trunk roads or to sacrifice some of the former to ensure a smoother movement of people, goods and accordingly investments. Malaysia made the correct choice as evidenced by the benefits the North South Expressway has brought. One must

remember that a price also has to be paid if this choice is made, in terms of lower competitiveness and possibly stunted economic growth. Would the NGOs and other critics offer their help then? Will they offer investors and Malaysian residents the electricity and power needed for the factories and homes.

In a nutshell, the Bakun project has a lot to do with Malaysia's future and its benefits will be derived by all including the critics and the NGOs. The 54 underwriters have collectively endorsed the viability of the project and in one go, hopefully putting to rest doubts surrounding it.

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