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Response to proposal reflects nation's maturity

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WHEN Tun Daim Zainuddin made the proposal in late February to allow non-Bumiputeras to take a bigger stake in Bumiputera firms, there was hardly a squeak of a response.

Even with the ensuing clarification from the Prime Minister, Datuk Seri Dr Mahathir Mohamad, that "it would be better to save something than to let things get destroyed completely", and the Deputy Prime Minister, Datuk Seri Anwar Ibrahim, that affirmative action would not be ignored even though adjustments had to be made, the reaction has been somewhat tepid.

In the political realm, MCA and Gerakan leaders made mention of the proposal at party functions, the DAP pointed out several discrepancies and Umno Youth offered a gentle reminder to the Government of the potentially negative effects it could have on the Bumiputera corporate stake.

Although the foreign Press analysed the issue with alacrity, in the local media, only the English-language papers carried the news with some analysis.

Other newspapers gave little or no space to the matter.

Political analysts say the show of restraint is not surprising. Had the Economic Adviser to the Government made the proposal five years ago, it would have been political suicide.

Today, economic realities may have quietened the most garrulous critic.

Dr Sumit Mandal, who studies modern Southeast Asian history, says the restraint may be a sign of social responsibility.

"Something like this can be easily manipulated by the more chauvinistic elements in the society," says Universiti Kebangsaan Malaysia sociologist, Norani Othman.

So, it is understandable that everyone is playing this wait-and-see game.

But Mandal, who is with UKM's Institute of Malaysian and International Studies, also believes that many people don't quite know how to deal with the problem.

"The country has been prosperous for so long that they are unsure of what to say or do," he says.

What they do know is what they see: the dismantling of national economies in the region as stockmarkets tumble and currencies playing hopscotch over fortunes, large and small.

All this may have impressed upon Malaysians the urgency of making changes in the way we manage our economy before things get out of control.

To be sure, the proposal does signal a significant shift in policy: it categorically states that for the time being, while our economic standing is in a state of flux, the goals of the National Development Policy to increase Bumiputera corporate assets and the creation of an even bigger Bumiputera business class, would have to be shifted to the back burner.

Of course, not everyone will agree to such a strategy.

As pointed out by Norani, there will be pockets of disgruntlement over the matter.

But this hasn't surfaced.

Instead, what appears to be happening - although news of this hasn't quite reached the public sphere - is that non-Bumiputeras are seriously considering the proposal made by the Government.

The Chinese, in particular, are interested but, says Universiti Malaya's Dr Chia Oai Peng, an anthropologist specialising in Chinese Studies, they

are cautious.

"They are willing to help but they need to know the details, the mechanisms through which they can buy into Bumiputera firms."

She says they would also want to know their role in the reorganisation and management of these firms.

Even though many Chinese businesses have been hit just as badly by the economic slowdown, she says they are intrigued by the proposal because they see the economic and political benefits attached.

Chinese businessmen know which Bumiputera firms are solid enterprises. With help, they know these businesses can be resuscitated.

However, not all Chinese businesses can buy into Bumiputera firms.

Chia says only one or two can really help. The rest may have to group their resources together to assist other ailing firms.

Chia, whose substantial research on non-Bumiputera firms during the period of the New Economic Policy has won her the respect of many Chinese businessmen, says, in general, the Chinese are not motivated by altruism.

In other words, if they jump in, they must come out with some profit.

When the Chinese Chamber of Commerce invited Chia to talk to its members about the current economic situation and they sought her advice on Daim's proposal, she suggested they consider it.

"But I told them not to go for maximum profit. Some profit is okay. Of far greater importance is the stability of this country."

The Chinese, she says, are mindful of anti-Chinese sentiments in the region.

They know that in Southeast-Asian history, the ethnic group has always been made scapegoats in times of trouble.

Right now, they are particularly concerned about the perilous position of the Chinese community in Indonesia and anxious that it does not spread here.

Although Mandal says this is unlikely to happen as Malaysia has consistently rejected racist politics in its handling of multi-ethnic matters, the fears felt by some Malaysian Chinese are apparently real.

So, for these reasons, Daim's proposal may be seen by some as a blessing in disguise.

In not so many words, it sends out the message that when Bumiputeras need help, the first group to logically turn to are non-Bumiputera Malaysians themselves.

"This may be the best time to test the loyalty of the Chinese and whether they see Malaysia as their home," says Rita Sim, a business woman and editor of The Guardian, a quarterly bulletin published by the MCA.

Both Sim and Chia also acknowledge the importance and necessity of maintaining a policy of affirmative action.

Chia says the Chinese must be realistic. They must expect a reinstating of the 30 per cent Bumiputera corporate equity when the economy improves.

"They must be prepared for this."

In the mean time, she has advised them to use the present situation to strengthen their ties with the Malays.

A few years ago, Anwar launched a scheme to encourage the setting up of Malay-Chinese joint-venture projects but this "didn't quite get off the ground".

"I suppose you can't create or push for something if people aren't ready to do it," she says.

The proposal has come at the right time, she adds. It will allow both sides to genuinely co-operate in business.

Sim also believes the current economic downturn has its pluses.

"It is allowing us to liberalise the economy, it is giving us the chance to depend on each other, to seriously work with one another to make sure

this country comes out of this difficult period together.

"We don't want a situation where only one race comes out of this all right. Personally, I work with many Malays and I don't want to see them suffer."

Both women say they have not heard anyone saying "serve you right" to those caught in ailing enterprises.

Both, however, offer similar reasons as to why Malays may have floundered during this period.

Caught for the very first time in a severe economic downturn, they note that many Bumiputera entrepreneurs are without strong self-help mechanisms.

The Chinese, on the other hand, have acquired resilience in business because they've been at it for a long time.

They have seen many ups and downs and the experience has taught them that no one stays rich forever, says Sim.

The Chinese have also learnt to reinvest large portions of their profits into new or other business enterprises and Chia believes this is why many are still managing quite well today.

Their public-listed firms may be in trouble but their investments in other businesses will keep them afloat, she adds.

Most importantly is the Chinese capacity to start from scratch.

The Malays must acquire this tenacity, says Sim. They mustn't give up. If they do, they will never learn.

Both Sim and Chia are also hoping that the younger generation of Chinese entrepreneurs are learning from the harsh experiences they're encountering now.

"Over the recent years, many of us have grown cocky. We've been gloating about how great we are," says Sim.

Chia, who has also noticed this disagreeable trait among younger Chinese in business, says: "Some told me they didn't want to work as hard as their fathers because the money they made overnight was more than what their fathers were earning in a month."

"Of course, now we've all been whacked on the head," says Sim.

Having seen the devastating effects of the current economic problems on business colleagues and friends, Sim believes Malaysian entrepreneurs must now reconsider their philosophies and strive towards better work strategies.

"Symbiosis - this is what we must work towards. Bumiputeras and non-Bumiputeras must help each other. For the Chinese to succeed in this country, the Malays must also succeed. Disparities will only invite difficulties."

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