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Throwing troubled businessmen a lifeline

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THE question of whether the plan to allow Bumiputeras to sell shares to non-Bumiputeras is permanent or temporary should not be allowed to stand in the way of the country's economic recovery.

The issue should be seen within the context of the economic situation and the limited choices it offers us.

For Bumiputera businessmen, especially those who have pledged their shares to banks, the question of whether the Government allows or disallows them to sell their shares to non-Bumiputeras is immaterial.

If they cannot pay the banks, their shares will be sold anyway. In fact, this is what the banks have been doing for months. They are selling these shares to top up trading margins or to recover their loans.

It is not their concern whether the shares they are selling are bought by Bumiputeras, non-Bumiputeras or foreigners. Their concern is to get back their money.

With many Bumiputera businessmen now in financial difficulties, it is unlikely that all the shares they want to sell can be bought by other Bumiputeras.

Since the Government has said it will not bail out troubled businesses, it is only fair that businessmen, Bumiputeras and non-Bumiputeras alike, are given the leeway to save themselves or at the very least to minimise their losses.

While it is easy to talk of allowing businessmen to go bankrupt, it must be remembered that a bankrupt businessman, be he Malay, Chinese or Indian, is of no use to his community or country. In fact, he can be a liability.

So, there is no need to be hasty or vengeful when we talk about allowing businessmen to go bankrupt.

It may not be such a terrible thing for a businessman to go bankrupt. But it cannot be a good thing if his bankruptcy leads to the closure of his business. We have to give as much thought to workers and others who depend on his business.

IN the majority of cases, it is the businessmen and shareholders who are in financial difficulties. Their companies and businesses are doing all right.

So, by allowing them to sell their shares, the Government is not only helping them stay afloat but, more importantly, is ensuring that their businesses are not closed, workers do not lose jobs and banks are not saddled with bad debts.

And to be frank about it, Bumiputeras have always been selling their shares to others in the open market.

It is no secret that a substantial amount of Bumiputera shares allocated by the Treasury and the Ministry of International Trade and Industry were sold to others through the stock market or via private placement once the moratorium imposed on these shares was over.

Ideally, this should not be the case. But this is what business is all about. Some sold the shares to build a new house or finance their children's education. Others to place the money in less risky or better-yielding investments like Amanah Saham Bumiputera. And a minority simply to joli (have a good time).

It is for this reason, too, that Finance Minister Datuk Seri Anwar Ibrahim's reiteration of Malaysia's commitment to greater economic

liberalisation is reassuring.

By allowing Malaysian companies to enter into strategic collaboration with foreign partners through share-ownership, we will not only help them overcome the present difficulties but also to gain greater access to capital, technology and markets.

It is better to allow them the freedom to enter into strategic partnerships with foreign investors than to cause them to go bankrupt and have their businesses taken over by the same people at fire sale prices.

There is nothing to stop Bumiputeras buying back their stakes from non-Bumiputeras and foreigners when such an opportunity arises in the future.

What is important is for all parties to continue to implement policies and programmes that encourage the creation of wealth and to distribute it more equitably so that we remain a peaceful multi-racial and multi-religious nation.

It is also a test whether we are making progress towards creating a true Bangsa Malaysia or whether we are still caught up in rhetoric, whether we are moving towards creating a true business partnership or merely camouflaging a predatory tendency.

ADVERSITY makes men, good fortune makes monsters, says a French proverb. Not all of us are keen to acknowledge that we have become somewhat monstrous in our behaviour as a result of the good fortune we enjoyed for almost a decade.

Now that we are poorer as a result of the speculative attacks on the regional currencies and stock markets in the middle of last year and are more willing to subject ourselves to examination, it is useful to recall the words of English lexicographer, critic and poet, Samuel Johnson (1709-1784).

He said: "Prosperity is apt to prevent us from examining our conduct; but adversity leads us to think properly of our state, and so it is most beneficial to us."

We are re-examining ourselves, our policies and our way of doing things not only domestically but regionally.

This week's visit to Kuala Lumpur by Sultan Hassanal Bolkiah of Brunei and a similar trip by Singapore Prime Minister Goh Chok Tong two weeks ago are examples of the changing attitude among Asean leaders and people.

Goh has been in Malaysia twice in just over a month. On Jan 20, he made a brief visit to Johor Baru for talks with Prime Minister Datuk Seri Dr Mahathir Mohamad and Johor Menteri Besar Datuk Abdul Ghani Othman.

From a regional association dedicated to political issues, the economic troubles seem to be propelling Asean member states closer to each other in economic and security matters.

The decision to promote and facilitate the use of regional currencies in the conduct of intra-Asean trade and to use more of each other's products is one of the measures prompted by the problem.

Stronger Asean nations like Malaysia, Singapore and Brunei have offered significant financial assistance to troubled members like Indonesia and Thailand.

Over and above these gestures, Asean Governments are also encouraging their public and private investment funds to venture into the regional markets.

For instance, accompanying the Sultan of Brunei is his brother, Pengiran Jefri Bolkiah, who is the chairman of state-owned Brunei Investment Agency. BIA is not an unfamiliar investor. It has been active in this country for more than a decade.

The Sultan's visit, which came 10 days after a similar trip by Dr Mahathir to Bandar Seri Begawan, is seen as another boost to regional

consultation and co-operation.

Judging by the impact of Prime Minister Goh's latest visit, the trip by Sultan Hassanah Bolkihah is also expected to produce positive results for the two nations and the region.

It is understood that after Goh's visits, an increasing number of Singapore investors and fund managers have expanded their involvement in the Malaysian stock and currency markets.

Equally important is the fact that the countries in the region are talking to each other in a more open and frank manner. The clear message to Indonesia that Asean member countries are apprehensive about its plan to peg the rupiah to the US dollar via the establishment of a currency board is a good example.

Another example is the broad-based agreement reached between Malaysia and Singapore on such crucial and sensitive matters as the Malayan Railway land in Singapore, the dispute over the ownership of Pulau Batu Putih (Pedra Branca) and the water agreement.

The countries agreed to intensify efforts to resolve outstanding matters relating to the Points of Agreement on Malayan Railway Land, and extend the water agreement beyond 2061 as well as take further steps to refer the island dispute to the International Court of Justice.

It may not be inappropriate to note that the hierarchical nature of Asean relations, where there are the big and small brothers, is giving way to a more equitable and frank relationship.

THE Judiciary was subjected to some scrutiny this week. In one case, it was given high marks by a German investor who is a newcomer to Asia while in another its action was questioned by the United Nations.

In the first instance, German investor Dr Burkhard Meister, who is executive vice-president of Phoenix AG, a German hydraulic rubber hose manufacturer, had cited Malaysia's reliable legal system as one of the key reasons for his company's choice of the country as the base for its first Asian operations. It started a manufacturing plant in Kedah last year.

Malaysia's other winning points, according to Dr Meister, are its superior infrastructure and widespread usage of English.

For a rapidly globalising and industrialising economy like ours, the role of the Judiciary, though not often spoken about, is crucial. A free and independent Judiciary is no less important than a stable Government, a clean civil service and a trustworthy law and order apparatus.

In fact, when everything else fails, the Judiciary stands as the final arbiter. As businesses become more global and disputes run into billions of ringgit, a free, independent and trustworthy Judiciary will become the linchpin in our continuing efforts to attract foreign investment.

In another development, the Judiciary is under global scrutiny following a High Court decision denying lawyer Datuk Param Cumaraswamy immunity in his capacity as United Nations special rapporteur on the independence of judges and lawyers. The ruling was later upheld by the Federal Court.

On Tuesday, UN human rights chief Mary Robinson was reported to have criticised the court ruling and alleged that it had ignored a certificate from UN Secretary-General Kofi Annan, presented in March last year, stating that Param enjoys protection under the Convention on Privileges and Immunities of the UN.

But on Friday, Annan's special envoy Yves Fortier said after a 40-minute meeting with Anwar, who is also Deputy Prime Minister, in Kuala Lumpur that he was upbeat about a solution to the problem.

He was confident that a solution acceptable to the world body and Malaysia would be found on the legal wrangle involving Param.

The Judiciary aside, an acceptable solution to the issue is important as

Malaysia's standing in the community of nations is at stake. Let us hope that wisdom prevails.

FINALLY, let me unequivocally assure the executive chairman of Rashid Hussain Berhad, Tan Sri Abdul Rashid Hussain, that I was not referring to him when I wrote about attempts to force the New Straits Times and Business Times to "kill" a Feb 13 report that Commerce Asset Holding Berhad had called off merger talks with his group.

I know he is too liberal and too smart to get entangled with the media on an issue as fundamental as freedom of the Press. I am sorry if there had been people who pointed fingers at him after reading my comment in last week's column.

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