

Kangkung Nation
MalaysiaKini.com
Jan 19, 2014

COMMENT Malaysia has a very funny way of catching up with its citizens overseas. Just when you thought it was safe to take a break and put your feet in the warm waters of the Indian Ocean about 2,000 kilometres away, out of the blue Malaysia comes out to bite you.

A shark would have been unexpected but not unimaginable. But kangkung on BBC in front of millions of other viewers around the world? Now that takes a huge bite out of our collective 'air muka' (reputation).

Now, for the benefit of readers who had been abducted by aliens and kept in a spaceship thus missing out on the kangkung issue, here is a very brief summary.

Since Dec 1, 2013, prices of a lot of things have gone up in Malaysia, owing largely to the decision by the government to reduce subsidies. The PM, in an attempt to explain that not all items that have risen in price is a result of this piece of government policy, used kangkung (water spinach in English) as an example.

He said that the prices of some food items like kangkung fluctuate (going up and down) because of the laws of demand and supply. He then said that when prices go up, the government is blamed but when prices go down, as in the case of kangkung, the government does not get any credit. He then said that this attitude by the public was "tak adil" (unfair).

Now, apparently, Najib Razak read Industrial Economics in Nottingham University in Great Britain. This is the same United Kingdom that produced Adam Smith, John Maynard Keynes and a few other great economic thinkers.

Now, if the price of kangkung, as argued by Najib is due to the laws of "demand and supply", why then should the public be grateful to the government when prices come down? By his own argument, he has made a fatal error in logic.

That he followed up on Saturday asking the public not to make trivial such an important issue as price hikes adds salt to the open wound. The PM is not only out of touch with the ground he is also most likely out of his depths when it comes to Economics 101.

Hey big spender...

When critics of government policy point out that the reduction of subsidies should be implemented gradually, they meant precisely that so that the rise in prices will also be gradual. This is because inflation will affect those on fixed incomes the hardest. These include the civil servants, the working class and retirees.

If I am not wrong, most of these people voted for the BN (read Umno) in the last general election. Whilst the government continues to pay out more BR1M, which most intellectuals consider as negative taxation, the dramatic effects of price hikes have outstripped the effectiveness of government handouts.

Just in case this vote bank is worried, I hear that another dose (the rest of the RM1,000 promised during elections) will be paid out soon. So, there will be some Chinese New Year joy after all.

Of course, no government will deliberately go down this difficult path. The reality is that Malaysia needs to reduce its gaping budget deficit, huge personal debt levels and most worrying of all, GLC-related debts guaranteed by the government (read public debt); it needs to reduce this gaping hole fast to avoid another downgrade that will make servicing these loans even more costly. To think that the public does not know this is really "tidak adil" (unfair).

In most scenarios, a national leader appealing for unity in the face of this enormous challenge would usually get strong unequivocal support. Instead, the PM was ridiculed with the latest being an effigy of the man resembling him being stuffed with kangkung.

There is even a remix video of the PM's speech that has gone viral. Finally, it reached the shores of every nation in the world through the BBC, which the government allegedly decided to censor but then lifted the block when internet users found creative ways to access it.

Gov't influences prices

In Malaysia, where a lot of items are price controlled or are dependent upon some sort of governmental monopoly, the PM should have concentrated on the prices of those items instead of the few like kangkung that are determined by market forces. From rice to cars, the biggest determinant of prices is the government.

The government decides either directly through policy or indirectly through GLCs the prices of petrol, electricity, water, rice, cars, chicken and the list goes on. If the

price of eggs were RM3.90 for 10 in October 2013, a friend said to me that it now costs close of RM5.00!

This is also true of the humble economy rice. Today, rice with one meat and two vegetables cost more than RM5.00 (in KL). Even my towfoofa in Section 14, Petaling Jaya has gone up by RM0.20 sen. The latter is due to the hike in the price of sugar, another government-controlled price item!

So, it is really not fair to try to hoodwink the public by referring to one of the few items that is not controlled by the government like kangkung and then going against the same logic by suggesting that the public should be more grateful and fair to the government when the price of kangkung has come down by RM0.50 sen!

It is not a controlled item and as such its price is determined by demand and supply. If that is the case, why should we be grateful to the government? No, this is not smart economics. This is incompetence of the highest order and if the PM's adviser wrote his speech, please show him/her the door!

Former PM Dr Mahathir Mohamad recently wrote a blog post reminding the government to reduce governmental expenditure in order to reduce the budget deficit. The PM responded by announcing 11 initiatives to do just that, but at the same time did not explain how much savings those initiatives will impact on the budget.

More worryingly, there continues to be news of government ministers living it up with lavish birthday parties and the use of government jets for overseas travel. In short, whilst the rest of us are asked to tighten our belts, those who walk in the corridors of power seem to be living it up. This is one reason why the PM's kangkung example has been used to crushing effect.

Perhaps even more incredulous is the PM's brother Nazir Razak indulging in hagiography about their late father Abdul Razak (right). In that article, Nazir alluded to their father's well-known prudence and frugality when spending governmental funds. He also said that the late Razak was very careful how his family and his wife were perceived publicly being extra strict with them.

I remember reading one of Razak's speeches where he explained that he forbade Raha (his wife) from using the official car to travel to Pekan on a private errand. She had to take the bus. This is echoed by Nazir, who said that only with the special dispensation of the cabinet did Raha travel to the UK to look after the ailing former prime minister.

Will Rosmah eat kangkung?

Times have changed and perhaps now the wife of the prime minister has a much wider role to play in government. As Najib Razak explained to the Umno general assembly, his wife has done so much for Malaysia without asking for any recognition.

We can only hope that he has not asked her to make the ultimate sacrifice of supplementing her daily diet with kangkung, which is now one of the few affordable vegetables on offer in the non-governmental control list of price items.

But never fear, just as one controversy dies down another will soon take its place. This time round, another minister, a menteri Besar, is leading an educational mission to Antarctica. The budget, we are told by the opposition MP Tony Pua, will cost taxpayers RM 12 million. We are not really sure why the MB needs to lead the mission.

In most other countries, politicians enable scientists and other experts to go on such missions but I guess times have changed. Perhaps the MB can lead the way by cost cutting measures by once again avoiding expensive government controlled price items and instead power the entire mission on the humble kangkung.

Heck, there is always a silver-lining: these people can certainly afford to lose some weight in this, our kangkung-fuelled march to Antarctica!

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Source: <http://beta.malaysiakini.com/news/252151>