

Gov't broke promise, increased grip on economy
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The government's grip on the economy has grown since 2011, instead of being reduced as was promised in Budget 2010, a study has found.

The government has failed in its Economic Transformation Programme (ETP) promise that the government's role in business needs to be reduced to make way for the private sector to become the engine of growth, Institute for Democracy and Economic Affairs (Ideas) revealed in its new study.

In the 2015 National Transformation Programme annual report launched last Tuesday, the issue of reducing the government's grip on the economy was only touched upon as a footnote, "as if it is already an accomplished mission", said Ideas.

Despite the government's claim that it has achieved great success in transforming the economy in the report, Ideas found that the commitment to reduce the government's role in business actually remains unfulfilled.

Instead, it has gone the opposite way.

"When it comes to reducing its role in business, the government's track record appears mixed.

"The government claims a 100 percent achievement rate when it comes to divestment of companies under GLCs (government-linked government companies) and GLICs (government-linked investment companies (GLICs).

"However, (the government) only stated half of the story while conveniently hiding the fact that it has been actively buying more equities than it has sold," Ideas chief executive officer Wan Saiful Wan Jan said in a paper released by Ideas titled 'Lesser government in business: An unfulfilled promise?'

He also said that their (Ideas') calculations showed that from 2011 to 2015, the government's share in the KLCI increased from 43.7 percent to 47.1 percent.

This, he said, indicated that the government's control of the largest companies in Malaysia has increased and that it has been accumulating shares of its investments in various companies within that period of time.

The government has also increased its investments in private companies as compared to its disposals, he said, adding that data indicated that the total GLC acquisition value of RM51.7 billion dwarfed the total disposals at RM29.5 billion.

"This means government speech writers have been very clever in choosing words for the prime minister.

"They only highlight the fact that some GLCs have been divested, but they are hiding the bigger story, which is that the government has completely failed to reduce its overall role in business. The government's grip has actually increased.

"The Malaysian government has forgotten its promise to reduce its role in business," he added.

Even Performance Management and Delivery Unit (Pemandu), the body supposed to push the divestment agenda, was no longer serious about it, Wan Saiful said.

He pointed out that Pemandu had set up a new GLC called the BFR Institute, which has entered the consulting market and which was free from government interference before.

BFR Institute had even gained unfair advantage in the beginning by using the Prime Minister's Office as its official address, he said, and until today its office is within a government facility.

"Rather than consistently pushing for a solution, Pemandu itself has become part of the problem in this respect," he said.

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