

LETTER | M'sia has nothing to fear if it kicks into gear

Malaysiakini

14 May 2022

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LETTER | Policy debates cannot necessarily lead to governance. Just as live telecast debates in Parliament over time did not improve the management and governance of the legislature, one should not expect the debate between opposition leader Anwar Ibrahim and former prime minister Najib Abdul Razak to produce a major breakthrough for Malaysia, which is wrenching from the Covid-19 pandemic and endemic corruption.

To make matters worse for Malaysia, Ukraine and the US signed the Charter of Cooperation in November 2021. Therein began the nightmarish scenario of a double whammy, not only for the world but Malaysia too. The component and or ingredient of gross domestic product (GDP) of Malaysia is similar to that of Singapore. Not unlike Singapore, Malaysia is a top trading nation too.

By this token, our GDP is deeply vulnerable to external perturbations, especially when Malaysia imports close to 70 percent of our food. With a GDP that is exposed to global supply chain disruptions to the tune of 320 percent of

Malaysia's GDP, the country is facing the twin impact of Covid-19 and the Ukraine-Russia war.

Factor in Ukraine, known as the "breadbasket of Europe", and Malaysia is facing the proverbial perfect storm that is hitting the owners of more than 300,000 small and medium enterprises (SMEs), millions of fixed aged earners from B40 and B60. And, yes of course the political instability plus monumental corruption that has become a way of life.

With only 3 percent of the Employee Provident Fund (EPF) holders having more than RM250,000, and with 15 percent of the total population of 32 million Malaysians being over the age of 60, Malaysia is trapped.

The country is not merely trapped as a middle-income country, Malaysia is backsliding economically and politically, with a change of three prime ministers between March 2020 to August 2021.

Lack of good governance

In the debate between Anwar and Najib, it was clear that both understood that one of the critical issues facing Malaysia was the rising cost of living apart from the lack of good governance, lack of integrity, and corruption as a way of life.

What is good about the debate is that the entire focus was on “governance” with Najib using the analogy of a cake to describe how the national economy should be grown bigger to allow the people to participate and partake in the process.

While this is an argument originally used by the late Singapore prime minister Lee Kuan Yew, who passed away in February 2015, Anwar was quick to emphasize a critical and simple point.

Sensible as this approach may be, the structural and systemic issue at work is one of 3Cs: Corruption, Collusion and Connivance between the powers that be and special vested interest that may even be criminal in nature.

Hence, while the well-connected individuals certainly get a bigger piece of the cake, the people are given the crumbs with which they can’t even survive on, let alone invest in their own education or evolve to be digitally savvy entrepreneurs, or to participate in cyber commerce that is indeed thriving the world over.

In this vein, this makes Najib’s preliminary opening statement almost moot if not impossible to implement. The former insists that entities such as Samsung, Lucky Goldstar and Hyundai should be attracted to Malaysia.

They should, but would they come if 3Cs remain the root problem of Malaysia? In

South Korea, the former attorney-general known for holding big wigs and small fries to full account of any illicit activities in South Korea, Yoon Seok-youl, has been elected and will soon assume office as the president.

Why would the CEOs of the “Chaebols” take the risk of investing abroad, when 3Cs could have a whiplash effect on how they are seen to be managing their parent holdings.

Now, let’s turn to an issue that did not emerge with any specificity in the debate: Ukraine.

Rising cost of fertilisers

Ukraine, in peacetime, is responsible for 12 percent of the world’s wheat. The ingredients that are needed to create fertilisers are nitrate, potassium, and ironically, carbon dioxide, of which the latter is needed for the packaging/packing of the fertilisers.

The rise in the price of fertilisers is a global phenomenon since the summer of 2021 due to the pandemic and supply shocks. It has hit the US just as badly as it affects the UK and the whole of Europe, even Africa. Naturally, Malaysia is not spared.

As of May 6, the price of fertilisers per tonne in the UK has risen from £650 to £1,000. The US, the whole of Europe, Africa, Asia and Latin America are all witnessing the same rise in the cost of production.

Everything rose in two months. Although the consumer price index is registering 8.3 percent, this is the highest inflation to hit the US since 1941. But the worst is yet to come

In Europe, farmers said they were likely to offset the price rises by buying less fertiliser than usual this season for cereal crops, potentially leading to lower production at a time when there is a threat to supplies from Ukraine. The agricultural inflation in Europe is real.

Although Asians don't consume so much wheat, oatmeal, barley, cereals and corn, these are the things which Malaysia does import in the form of animal feed. Therefore Malaysian producers and consumers will also face imported agricultural and fertiliser inflation.

Some farmers in Europe may try to use more organic fertilisers by partnering with livestock producers (that produce animal feed) or those running anaerobic digesters, which make energy from organic matter, to try to offset the high cost of fertilisers. But whatever Europe does, they are producing everything on the back

of higher fertiliser and organic fertiliser costs, which World Bank explained.

In Malaysia, with a weak national economy that is also marked by increasingly wild and turbulent weather, as marked by more than 2500mm of rain between December 15-18, 2021 alone - equalling the entire annual rainfall of 2020 - Malaysian farmers may not have the risk appetite to plant more.

This is because the risk of being hit by severe and bad weather is now higher than ever. One wild weather episode can wipe out the entire production.

As a result, Malaysian farmers will also plant less, and make less fertilisers, even if the prices of fertilisers appear to be on an uptick.

In a globalised world that is only in the midst of being de-globalised between the West on one side and China and Russia on the other, the geopolitics and by implication the geo-economics of Malaysia could not be direr.

This is why the decision-makers of Putrajaya must not ignore the structural and systemic problems of 3Cs now. Najib may argue that his track record stands for itself over nine years. But if the trajectory of growth was strong, Malaysians, especially the farmers in Felda in 26 out of 54 constituencies would not have bolted to Pakatan Harapan, to begin with.

That is food for thought for all sides now battling for the Malay hearts and minds in order to engineer their coalition's respective victory in the impending general election that could be held in September 2022 or July 2023.

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Source: <https://www.malaysiakini.com/letters/621205>