Bad Implementation Undermines Good Policies

While the recently unveiled National Automotive Policy looks good on paper, it stands to lose its lustre in the implementation stage, like so many other worthwhile national policies. This is where the government machinery has to be improved.

ALL POLICIES are good. Or at the very least, their intentions are good. So is the case with the recently released National Automotive Policy (NAP).

The NAP, with or without the heated-but-not-necessarily-coherent debate on the Approved Permits (APs) for the importation of motor vehicles, is an important document.

The objectives of the NAP, as reported by the newspapers, are not something new. They have always been part and parcel of the thinking behind the national car projects.

What the policy does is to put them in perspective and breathe into them the new realities that have emerged since the first national car project – Proton – was launched in 1983.

It has always been the intention of the government to make Proton and the second national car project Perodua competitive, although a more important objective of the national car projects was to build the economic capacity of the country.

If in the face of growing regional and global competition, the national car projects and the overall automotive industry can be made more competitive, then the outcome can only be good.

Until such a time that the country attains the status of a developed nation, by which time the dynamics of the free market presumably would have taken over the economy, the government will have to continue to intervene to build economic capacity, create growth and promote income distribution.

Even then, as the experience in Europe, Japan and America has shown, the role of the government remains significant and such tools as subsidies and quotas will continue to be relevant.

Europe and the US have for decades been at war with each other over subsidies. And the US recently halted the importation of Chinese-made garments and textiles despite agreeing to the liberalisation of the garment and textile trade.

The objectives and approaches of the NAP aside, their effectiveness depends on their implementation. It is in this realm that things have gone terribly wrong with so many good policies and programmes of the government. And it can happen with this latest policy too.

Collective implementation needed

THE controversy over the issuance of APs for the importation of motorcars is a classic example. The AP system was introduced with the aim of creating a Bumiputera business community in an otherwise non-Bumiputera-controlled business sector.

Instead, either due to abuse or sheer bureaucratic bungling, it was turned into a scheme to create a handful of AP Kings who made billions of ringgit in easy money by hawking these permits.

It brought ill repute to the New Economic Policy (NEP) and deprived the government of millions of ringgit in revenue through the practice of under-declaring and under-valuing imported cars, and threatened the national car projects with cheap imports.

For the sake of the truth and in line with the contemporary mantra of transparency and accountability, I sincerely hope the *New Straits Times (NST)* (Oct 20) is wrong when it headlined 'The great AP debate is over' with the introduction of the NAP. The abuse of the AP has nothing to do with the NAP. It predates the policy.

If government machinery is corrupt, abusive and inefficient, no policy — no matter how well thought out – will work.

It is for this reason that members of the public do not give too much credit to the recent announcement that the Public Complaints Bureau would be beefed up and given wider powers to address public grouses.

Having dealt with the bureau on several occasions since the 1970s and interviewed its key officers during the sitting of the Royal Commission to enhance the operation and management of the Royal Malaysian Police, I must sincerely say that (with no malice intended) I am not impressed. An agency headed and staffed by civil servants cannot be expected to go down hard on other civil servants.

The tendency of the government to blame a department or an individual officer for the failure of its policies and programmes must stop. It cannot franchise a policy or a programme as important as the NAP to one minister or ministry. The Cabinet must assume collective responsibility for it.

Umno, when debating the revival of the NEP at its recent General Assembly, had identified the lack of supervision and monitoring as the main reason for the failure to achieve the NEP's objectives and targets.

With the administration of Prime Minister Datuk Seri Abdullah Ahmad Badawi set to revive the policy of growth with distribution to address the growing racial and regional economic imbalances starting with the Ninth Malaysia Plan, the supervision and monitoring capacity of the government at all levels must be enhanced, if necessary through legislation.

We cannot allow corruption, the abuse of power and inefficiency of the political and administrative systems to undermine the long-term fulfilment of the social contract that binds the various races and ethnic groups in this country together.

OF QSR, KULIM & GLCs

AS the controversy surrounding the sale of QSR Brands Bhd's shares to Kulim Bhd rages on, one aspect of the deal that has not been discussed is its compatibility with national policies.

The purchase of the majority control of QSR Brands by Kulim effectively removed the Bumiputera ownership of the company. Kulim is a government-linked company (GLC) by virtue of its 60% ownership by Johor Corporation Bhd, the investment arm of the Johor Government.

While the deal could have been effected on a willing seller/willing buyer basis and is beneficial to both parties, it could have gone against the objective of encouraging private Bumiputera ownership of the corporate sector.

QSR Brands, which was previously controlled and managed by Bumiputera individuals, is now owned by a GLC. Even if the intention of both parties is noble and the deal was done according to the established rules, its effect on Bumiputera ownership is still negative.

GLCs, though largely managed by Bumiputeras, are not strictly Bumiputera companies. They are state-owned companies. They belong to all Malaysians.

It would have been acceptable had there been no Bumiputera bidders for the QSR Brands shares, but there were or still are. A group headed by Tan Sri Nik Ibrahim Kamil had bid for the shares and had even gone to court to establish its rights.

Kulim's purchase of QSR Brands' shares came only months after the Prime Minister was quoted in the Press advising the GLCs not to compete with Bumiputeras. The *Berita Harian* newspaper on July 30 reported: *'Syarikat berkaitan kerajaan (GLC) tidak boleh mengaut keuntungan dengan mengambil alih syarikat Bumiputra yang berjaya atau menubuhkan anak syarikat untuk bersaing dengan mereka, kata Datuk Seri Abdullah Ahmad Badawi.'* (GLCs cannot make profits by taking over successful Bumiputera companies or set up subsidiary companies to compete with them, said Datuk Seri Abdullah Ahmad Badawi).

The sale of the QSR Brands shares to Kulim at a time when Umno is pressing for the reinstatement of the NEP or some elements of it is worth greater examination and understanding.

After suffering the effects of the 1997/98 regional economic crisis, when many Bumiputera companies were acquired by non-Bumiputeras or were 'renationalised', the QSR-Kulim type deal will further erode Bumiputera ownership of the corporate sector.

Individual Bumiputeras are no match for the financial standing and political clout of the GLCs. So if the GLCs are allowed to freely prey on Bumiputera-owned corporate entities, there is a danger that in due course there may not be many Bumiputera-controlled companies left.

Here, the Umno-led government must be clear in its vision. Does it want to promote its policy of creating and enlarging the Bumiputera Commercial and Industrial Community or does it want the GLCs to take over Bumiputera businesses?

The confusion about the policy first surfaced when top government officials suggested some months ago that if the tussle for DRB-Hicom shares among several interested Bumiputera parties could not be resolved, the government might instruct one of the GLCs to take over the shares.

With the government restating, as it has done in the NAP, its commitment to continue to promote Bumiputera participation in commerce and industry, any future sale of Bumiputera corporate assets must be carefully examined.

As for the sale of a 31% block of Pantai Holdings Bhd's shares to Singapore-based US-controlled Parkway Holdings Ltd, the question arises as to whether a privatised entity should be allowed to sell its shares freely to foreigners.

Pantai Hospital was among the first profit-oriented private hospitals to be licensed by the government. The privatisation elements of Pantai Holdings are as the Foreign Workers Medical Examination Monitoring

Agency (Fomema) and hospital support services to government hospitals in Negeri Sembilan, Melaka and Selangor.

An *NST* report on Sept 14 said most of Pantai Holdings' income came from its two government concessions – foreign workers health screening and hospital support services.

By allowing Pantai Holdings to sell a controlling block to a foreign company, are the authorities suggesting that it is all right to sell privatised entities and services to foreigners?

In the case of the tussle for the control of KFC via QSR, the authorities' stand, or rather the lack of it, is equally baffling. Letters and commentaries had been published in newspapers questioning why there was so little positive intervention by the regulatory authorities. However, only on Oct 19 did newspapers report that the Securities Commission had given Kulim the go ahead to make a general offer for the QSR shares it did not already own.

DOING THE SINGAPORE SWING

IT is interesting that the *NST*, which in the past few months has been singing praises about the so-called improved relationship with Singapore, should, on Oct 19, headline the republic's warning of 'serious consequences' if Malaysia were to go ahead with the construction of a new bridge linking Johor Baru and Woodlands.

The *NST* and most other mainstream newspapers have, in recent times, been painting a glossy picture about relations between the two countries, following a series of highly publicised exchanges of visits among the top leaders – portraying them as golfing buddies.

The question is: Have relations with Singapore really changed for the better? That may be the view held by the Malaysian mainstream media and some politicians in Kuala Lumpur, but is the sentiment shared across the Causeway?

The fact that some people in Malaysia are giving carte blanche to Singapore companies and corporations to have a field day picking up Malaysian stocks and building up strategic and controlling stakes in Malaysian GLCs cannot be taken to mean that the same good feeling is blooming in Singapore.

I am afraid that nothing much has changed with the republic's stance on Malaysia. Singapore is a mercantile republic. Its success is based on taking advantage of the situation in the neighbouring region.

Its investors will go where the pickings are good. They are assisted and guided by a highly efficient and committed state investment arm, Temasek Holdings, currently headed by no less than the wife of its Prime Minister.

When Indonesia was booming under Suharto, Singapore companies benefited from it. When Suharto fell, they benefited even more when the minority Chinese who controlled the Indonesian economy repatriated their billions to Singapore.

So, while some people in Malaysia may genuinely believe that Singapore is more amiable towards us in the post-Mahathir era, the reality may be quite different. The diplomatic note referred to by its Foreign Minister George Yeo in the *NST* front-page report is, to my mind, more than just a reminder. It is a warning.

Maybe it is good for the Malaysian Press to stop spinning stories. Maybe they should start reporting the fact that Singapore is a heavily fortified country with the strongest economy and perhaps the best-equipped Armed Forces in the region.

It recently contracted to buy a squadron of US-made F15 fighters, one of the most powerful warplanes in operation anywhere in the world today. That is why in any negotiation with Malaysia, the issue of airspace is always important to Singapore. Those muscled jets can fly from Singapore to Perlis in less than an hour!

So, before we start embracing Singapore as our bosom buddy, we should try to understand a little bit more about its psyche. A good round of golf and a sumptuous dinner may not necessarily remove decades of psychological barriers. So let us not be too hasty to celebrate.

CRACKED ROADS AND BROKEN PROMISES

HAVING been so used to hearing the Works Minister attributing all manner of mishaps and disasters affecting his ministry to the Divine Power, it is refreshing to note that God was not responsible for the cracks that closed the Middle Ring Road 2 (MRR2) some months ago.

Datuk Seri S Samy Vellu told the Press recently that chemical reaction in the cement caused the expressway built by a Bumi Hiway-led consortium to crack. The absence of any reference to Divinity does not mean that the minister is being less pious and God-fearing.

God was not implicated because he was quoting from a report submitted by the consultancy firm Halcrow Group Ltd, which was engaged to survey the damage.

Instead of God's punishment, it would appear that the expressway, according to Samy Vellu, suffered from an extremely rare chemical reaction known as Delayed Ettringite Formation (DEF).

It's Greek to us, but this should not deter us from demanding that the project contractor rectify the flaws at his own cost. mb

E-mail: akadirjasin@beritapub.com.my.
Besides *Malaysian Business*, Kadir also contributes to local Bahasa Malaysia and English newspapers.