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1MDB needs to admit that it has a problem

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Pic by Muid Amin Naharui / Ismail Che Rus
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APART from the fugitive holding court from Australia, and why prices have not gone down with fuel prices, the other mystery worth noting is how 1Malaysia Development Bhd (1MDB) is able to stonewall its critics and supporters alike since at least 2013.

Even after months of intense scrutiny and criticism, the strategic investment company is still lurching from one hastily (it seems) prepared communique to another, to explain all the things that do not seem right with its finances.

And because the 1MDB issue spans economic, financial, political and ethical concerns, its opaque responses to questions from inquiring minds has ceased to be silly and is now deadly serious.

For a while, the 1MDB issue had largely escaped the notice of ordinary Malaysians, and few outside banking circles and pesky bloggers even knew of its existence.

Perhaps, having been too distracted by our busy lives, we are not treating this subject with the gravity it deserves.

But when a company can count among its critics former Prime Minister Tun Dr Mahathir Mohamad on one side, and upstart Opposition MPs like Tony Pua on the other, something must be terribly wrong with it.

For one, it is a strategic investment company without any money to invest, so it has had to borrow all the capital it

needs to make such investments which to date include decidedly traditional sectors as property development, power generation and, uh, other stuff.

One of the first ventures it entered was a US\$1 billion (RM3.57 billion) investment into a joint venture with Petro-Saudi International, but when the venture did not materialise, the investment was converted instead into a loan to the said company.

1MDB says the Iqan has since been repaid, with interest, but has trouble accounting for where that money is located. According to the corporation, the money has variously been invested, registered in the tax haven of Cayman Islands or that it has been repatriated, redeemed or hijacked we do not know what for certain.

Being a Ministry of Finance company, and with no less than the PM listed as advisor, there is no escape the political implications of 1MDB issue but so far the organisation has been an impenetrable fortress when it comes to meaningful disclosure.

Since January, the face of 1MDB has been taken over by

Arul Kanda Kandasamy, who as president and group executive director has been trying his best to not answer any questions.

So far, Arul's non-explanations have not satisfied anyone. And matters will continue as long as the corporation choose to hide its inner workings behind the impenetrable "non disclosure" clauses that it has invoked.

But as every old sawt knows, there's a crack in everything, that's how the light gets in.

Already, in the non-binding but brutal court of public opinion, the 1MDB affair has gone beyond the point where people are willing to take anyone's word for it. We will need to see the numbers, warts and all.

There is no mistaking it, 1MDB is a serious concern even without the financial implications. Already people who bought 1MDB bonds are treating it just above junk value as investors fret about the lack of clarity over what's going on.

Investors, especially those finicky ones that live outside our country, hate it when they cannot see what's going on. And this is where a major problem may come from,

because few investors would discriminate against Malaysia as an investible destination.

And like the force of nature they are, investors also abhor a vacuum and will try to fill it.

So where do we go from here? Will we continue to see this dance between 1MDB and its critics like two prizefighters in the ring, with one side looking for an opening and the other determined not to open anything up?

Or do we put our collective foot down and demand in no uncertain terms to resolve this matter?

The answer is that we have no choice. The way forward must come with the first small step. 1MDB needs to admit that it has a problem and seek help.

This is the safest strategy without the risk of a blow out. We need to see the problem, formulate a solution and deal with it.

On its own 1MDB's debt problem won't sink the country, but the continued attempt to hide that anything is wrong can do a lot of damage.

» ZB Othman is the associate editor of The Malaysian Reserve.