

## **Power in Malaysia Should be Duty, Not a Prize**

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Tengku Razaleigh Hamzah

*We are pleased to reprint this speech by former Malaysian Finance Minister Tengku Razaleigh Hamzah, one of the country's architects of its economic framework. Razaleigh, still a member of the United Malays National Organization, has increasingly issued calls to clean up the party.*

Malaysia's post-colonial history began with optimism and a grand hope in 1957. When Tunku Abdul Rahman, the first prime minister of Malaysia, proclaimed Independence at the Merdeka Stadium in Kuala Lumpur in the unforgettable words that "Malaysia is a parliamentary democracy with an independent judiciary," he had a vision of a happy people in spite of the formidable economic problems we needed to solve.

After that dawn of independence, there was a search of how we could achieve this happy society, fulfilling the needs and aspirations of all Malaysians which was to continue for the generations to come. He symbolized the concept and conviction of generational responsibility in his vision.

Tunku Abdul Rahman and his generation were dedicated leaders, not for power but a sense of duty to the present and the future. They were not in politics for the money or for themselves. Indeed, even after they had assumed power, they never used their position to benefit themselves or their families, nor did they build loyal cronies who would act as their financiers or hold any wealth unlawfully earned at the expense of the people.

The guiding philosophy was responsibility of public office, seen as a duty, not as an

opportunity. Public office was also part of their sense of political commitment to create a Malaysia that was fair, just, cohesive, and balanced. This was combined by a deep conviction of generational responsibility for those who would come after them.

Our three lost decades

One of the greatest losses in public life and in politics today in Malaysia is that loss of generational responsibility. Everything seems to be surrounded by greed and the desire to be billionaires.

This has led to a pyramid of cronies within the incumbent political parties and their associates in business. It is this combination of the hierarchy of political cronies and business cronies that led to the centralization of power in the incumbent political leadership and in the Office of the Prime Minister.

This power in one individual allowed the manipulation of the political system; I mean by this the institutions of power including the media. In exchange for the centralization of power, greed and self-interest were encouraged by example and in the guise of racial loyalty deserving rewards.

This is the case in all the parties within the power structure. This state of affairs is one of the most dangerous and difficult to dismantle because there has been three decades of centralised power.

The political style that has dominated in these lost three decades has been "double-think" and "double-talk". One of the features which is alarming in this plan to maintain status quo is the encouragement covertly of racial and religious obscurantism.

The underlying theme was a policy of using a balance of racialism and religion on the one hand and talks of unity on the other hand in order to make the people hostage to the status quo of power.

As a result, racialism and racial concerns seem to have a grip on all aspects of our lives, in politics, economics, education and employment, irrespective of the present reality which has got nothing to do with race or religion. We are deliberately made to feel that we are hostage to these forces.

Freedom of speech and expression of our political concerns to change the atmosphere are restrained by how it will be interpreted by those who want to deny us the right to differ.

Article 10 of the Constitution which guarantees this freedom is almost non-existent or subject to fear of retaliation or defamation. Legal suits intended to silence legitimate concerns of public responsibility are increasingly used.

Unfortunately, our judicial system has forgotten the fundamental importance of Article 10 to the democratic life of Malaysia. Common sense seems to have been taken out of the law.

Obscene income inequality gap

On the economic front, income inequality in Malaysia has widened. Some studies suggest that Malaysia's inequality is wider than Thailand's or Indonesia's. Historically, the concern was about ownership and control of the economy. It was the view of some that if ownership was de-racialised or balanced at the top, economic justice would follow. It is no longer a valid premise for the future.

Income inequality is no longer a problem between races; it crosses the racial divide and it is a problem of the majority of Malaysians who feel the pressure of inflation in almost every essential aspect of their lives, challenging their well-being of themselves, their families, and their future.

Today and in the near future, this is the most serious challenge we face. It is not an easy challenge to overcome. It is a time when Malaysia needs leadership of the highest quality and of those who have the moral courage to change and re-think our economic policies.

It is in these circumstances that we face the serious problem of rising food prices, inflation in price of houses compounded by shortage in housing for the vast majority of young Malaysians.

Lack of economic expansion is the threat of the future to give all levels an opportunity to use their talents to seek work that is commensurate with their contribution, their needs of daily life, and to narrow the inequality gap. Therefore, we should be concerned about the justification of the removal of subsidies that affect the low income because that will further widen the inequality and open the society to social disorder and disintegration, and increase social incohesion.

It is in this context that I raise the issue about independent power production companies (IPPs). The privatization contracts are today protected by the Official Secrets Act, and therefore we are unable to really know whether or not the public and Petronas, as trustees of the public, are directly or indirectly subsidizing these companies and the tycoons who are benefitting at the expense of the public.

Related to the question of the withdrawal of subsidies is the deficit that the government suffers from in managing the economy. This question cannot be separated from the way that the government has managed the nation's finances.

If the deficit is as a result of wastage, corruption and extravagance in the use of public funds, then the solution to the problem should not be passed on to the public. What is needed is a reexamination of the management of the country's finances before taking any drastic steps that would affect the well-being of the people.

We need to know the reality behind the apparent subsidies that are given to the public and its relationship in the totality of the management of the public finance. Only after we know the truth – and the whole truth – should any change in the policy of subsidies be implemented, as the consequences would have life-changing impact on the livelihood of the people.

In the circumstances of rising food inflation, stagnation of the economy and income, we should not do anything that would widen the disparity of income which would cause social instability.

Rule of law, not of men

The challenge today is for the return to generational responsibility in politics and public office. This can only be achieved if we have democracy and parliamentary power which is responsible.

Democracy was the basis of the founding of the state of Malaysia by the Constitution in 1957. When it was briefly suspended in 1969, the leaders of that generation were uneasy, and they restored democracy as soon as possible.

That is because they realized that democracy has an intrinsic value in creating a citizenship that is not made up of sheep but of responsible citizens. Only responsible citizenship that understands democracy can bring about stability, cohesion and economic

prosperity.

During those days, it was ingrained in that generation of leaders that democracy was not only a form but a value system that respected the essential institutions of democracy like the independence of judiciary, the supremacy of parliament subject to the Constitution, the respect for fundamental rights, and free speech.

They also understood the meaning and primacy of the rule of law and not of men. They also knew that democracy is the common heritage of humanity that we inherited and have a duty to continue. The law that they understood was also from the common heritage of all civilized nations.

And one of our inheritances is the common law system of the rule of law which is enshrined in our constitution. They knew that the phrase "common law" meant the wisdom that is passed to us in the progress of law and the values that are encapsulated in the law governing public office and responsibility to society. That laws are meant to enhance democracy and freedom but not to maintain and continue political power that is inconsistent with the rule of law and the constitution.

Independence did not come with peace but with very difficult problems, particularly the management of the economy and transforming it to bring about a balance between all the racial groups.

They realize that some of their problems had roots in the history of Malaysia. There was a serious imbalance between the countryside and the urban sector with racial dimensions which were too sharp. Indeed, poverty was also quite prevalent. There were open discussions and experiments.

Some of you may remember that one of the highlights of public debate was organized at the University of Malaya under the title, 'The Great Economic Debate' every year. That disappeared with the changes in the Universities and University Colleges Act and the decline of universities' autonomy.

The search was to eradicate a sense of inequality between the various peoples of Malaysia, whether because of one's identity and social origins, or for other reasons. It was as part of this search that during Tun Abdul Razak's time, the Second Malaysia Plan was launched in 1971.

We need to be reminded of the objective of that plan:

"National unity is the over-riding objective of the country. A stage has been reached in the nation's economic and social development where greater emphasis must be placed on social integration and more equitable distribution of income and opportunities for national unity."

Erosion of the Malaysian Dream

That dream was slowly eroded from the mid-1980. The hope that we had at that time is now challenged in the most serious way.

Recently, Petronas announced that it had made a RM90.5 billion pre-tax profit. If we accumulate the profit of Petronas over the years, it would come to a mind-boggling figure of billions and billions.

Yet, the greatest poverty is found in the petroleum producing states of Kelantan, Terengganu, Sarawak and Sabah. This moral inconsistency in a way exemplifies how the nation's economy is mismanaged and how the institutions set up in the 1970s have lost their objective and commitment to solving the immediate and pressing problems of the

nation.

Petronas was set up with the objective of serving the nation's interest as a priority. It was never intended to give Petronas a life of its own as an incorporated company for selected individuals to profit at the expense of the national interest, nor was it the objective to allow Petronas a cooperate existence independent of the national interest.

What is needed is for institutions like Petronas is to have a national focus rather than maintain a multinational status. The aim of making Petronas a multinational cooperation at the expense of national interest is contrary to the Petroleum Development Act.

Petronas should have a Petroleum Advisory Council to advise the prime minister on the operation of the law as well as the management and utilization of its resources as spelt out in the Petroleum Development Act.

Another example of the abuse of power is the privatization of certain government institutions which were set up as a public service to serve the people.

Bernas, the rice monopoly, is one example of a privatization of an essential commodity as a monopoly for a group of people and owned partially by two companies in Hong Kong. An essential commodity such as rice should not have been privatized for business purposes. We are the only rice producing country that has privatized and given as a monopoly to one company the importation and distribution of all rice products.

The reality today is Thailand and Indonesia are self-sufficient in rice and we are dependent on 30 percent of imported rice. But because it is a monopoly, imported rice is cheaper in Singapore than Malaysia.

Privatization for the benefit of private individuals to profit from such an essential commodity is a clear abuse of power. It would not have happened in those days. But with the centralization of power in the office of the prime minister who had the party under his absolute control, anything was possible.

I will suggest to you that there was a deliberate plan to centralize power in the leadership in a surreptitious manner. Unfortunately the nature of racial politics blinded us of the reality behind certain policies and conduct of leaders at that time.

### **RM880 billion in capital flight**

The decline of democracy, the abuse of power, and the mismanagement of our economy and the nation's finances, the economic waste, the lack of national cohesion in our economic policies led to the flight of capital in the region of RM880 billion over the years from the 1980s.

That was the beginning the lost decades and the full impact of the consequences of the economic policies which has continued since then, is yet to have its full impact on our national lives. And when it does the consequences are unpredictable.

The centralization of power in the Office of the Prime Minister and the attorney-general had a major role in this state of affairs. The challenge today is to reverse the centralization of power and restore the checks and balances of a genuine democracy.

We need to reclaim as citizens of Malaysia our rights in a democracy; that power and authority are positions of trust and responsibility, not to serve personal interest or as an opportunity for personal enrichment. We need to reassert as politically active and responsible citizens the concept of social obligation and public service in those who seek political office. Power is duty, not a prize.

We need to rethink our economic policies. Particularly in the focusing on the national objectives that are urgent; economic policies are not only about wealth creation but need to have a moral dimension which takes into account the well-being of all citizens as the ultimate priority over profits.

I have given you a broad sweep of the past and a bird's eye view of the looming problems of managing our economy as it is today. I hope this will open a dialogue which benefits all of us.

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