

Corruption blocking Malaysia's leap into higher-income status, says Nazir Razak
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KUALA LUMPUR, July 2 — Malaysia must overcome corruption and carry out more market-oriented reforms if it is to move up from being a middle-income economy, CIMB Group chief Datuk Seri Nazir Razak and younger brother to the prime minister has told Financial Times (FT).

The youngest son of the country's second prime minister, Tun Razak Hussein, also told the FT that his eldest brother had "a hell of a task" because "worldwide, no one has really been able to reform from incumbency".

Nazir's elder brother and the country's sixth PM, Datuk Seri Najib Razak, has been spearheading a slew of governmental, economic and social reforms to transform the country, but Malaysia's top banker seemed to suggest that it was not enough in an interview published in the international business paper today.

"(Corruption) remains a problem and it is something that needs to be combated," he told FT.

Nazir (picture) told the paper that Malaysia could consider granting an amnesty for those involved in minor corruption, as has been done in Hong Kong and other countries, an idea that the Najib administration has resisted.

"You could argue that when you do that, you will get a lot less resistance from the vested interests, which is always the problem; then say, the past is the past and we all start from scratch. I still believe that's what is needed," Nazir was quoted as saying.

He highlighted that there was "still a need to strengthen market forces in general and that is about rolling back government in business, both in terms of bureaucracies but also in terms of its direct involvement."

Nazir told the paper Putrajaya must push reforms that give more free rein to market forces and roll back government ownership of business through privatisations, such as the public listing of Malaysian palm oil giant Felda Global Ventures Holdings last week, which would also draw in major world business players like Axiata.

The ruling Barisan Nasional (BN) government, which Najib heads, has repeatedly come under fire for its less-than-transparent and lavish spending on government procurement projects in areas ranging from agriculture to defence, resulting in scandals such as the RM250 million National Feedlot Centre that failed to cut the country's beef imports and the multibillion ringgit spent on buying submarines and naval patrol boats.

Malaysia's score in Transparency International's corruption perception index has slipping for the fourth year running; on a 10-point scale, where 10 represents no corruption, Malaysia dropped from 5.1 in 2008 to 4.5 in 2009, 4.4 in 2010 and 4.3 in 2011.

The country's ranking also fell to 60 out of 183 countries — between Saudi Arabia and Cuba — from 56 out of 178 last year.

Malaysia remained the third-least corrupt nation in Asean after Singapore (9.2) and Brunei (5.2), with Thailand (3.4) and Indonesia (3.0) following in fourth and fifth places

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