

Malaysia ranks third in business magazine's report on crony capitalism
Malaysian Insider
17 March, 2014

Malaysia has once again made world news for the wrong reasons, emerging third in The Economist's crony capitalism index for 2014, the British weekly said in its latest edition. The report said Hong Kong and Russia topped the list while stating that all three had been in the same position since the last study in 2007.

The magazine said that "most countries in Southeast Asia, including Indonesia, Thailand and the Philippines, saw their scores get worse between 2007 and 2014, as tycoons active in real estate and natural resources got richer".

Singapore are ranked fifth, ahead of Philippines (6), Indonesia (10), Thailand (16), according to the report.

The Economist said uncontrolled rent-seeking this century was allowing politically well-connected billionaires worldwide to double their wealth, thereby posing a threat to the free market.

The magazine further reported that it created the crony-capitalist index to test the claim that rent-seekers are on the rampage.

"We use data from Forbes to calculate the total wealth of those of the world's billionaires who are active mainly in rent-heavy industries and compare that total to world GDP to get a sense of its scale," it said in the report.

The Economist said these rent-seeking industries included those easily monopolised, and that which involves licensing or heavy state involvement, which it said was prone to graft.

The report said it had sampled 23 countries for the study - the five largest developed ones, the 10 largest developing ones for which reliable data are available, and a selection of eight smaller ones where cronyism is thought to be a big problem. – March 17, 2014.

Hakcipta © 2014 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/malaysia-ranks-third-in-business-magazines-report-on-crony-capitalism>