

# The nation's economic pie in perspective

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A FIGURE just a tad more than the number of letters in the English alphabet is creating big waves in the country — to be specific, it is 26.1.

That is the difference between the Asian Strategic and Leadership Institute's (Asli) estimates on Bumiputera corporate equity ownership (45 per cent) and the government's (18.9 per cent).

But if viewed within the context of company shareholdings for the whole country, the 26.1 per cent difference magnifies many fold. And if taken within the context of political repercussions in a multiracial country, the different figures become a matter of even greater concern.

The dispute over economic data — or specifically, how it was obtained — has been a hot potato ever since Asli academic Dr Lim Teck Ghee claimed that the Bumiputera share of the corporate pie was as high as 45 per cent.

Lim's findings were contained in his paper, "Corporate Equity Distribution: Past Trends and Future Policies". He has since resigned as director of Asli's Centre for Public Policy Studies after his paper came under fire. Asli president Mirzan Mahathir withdrew the study after admitting to flaws in its methodology.

For once, the public has taken an unusual interest in the usually dry subject of who owns how much of what. And it has become a talking point that stirs as much emotion as concern.

Pulai Member of Parliament Datuk Nur Jazlan Mohamed says Umno grassroots have been uneasy with Asli's report. He says a major point of contention is that the report assumes all government-linked companies (GLCs) are Bumiputera-owned.

"If Asli wants to see it that way, then all GLCs should be transferred to Malays.

"Unhappiness over this is apparent on the ground," says Nur Jazlan, who is Pulai Umno division chief.

The Asli report controversy is also expected to be a sizzling issue for delegates to the Umno

general assembly, scheduled from Nov 13 to 17.

It is not only among Malays that the topic is hotly debated. The think-tank's figures have also drawn the attention of the Chinese community to the methodology used by the government to calculate equity.

So, what is the big deal about the Bumiputera share in Malaysian companies?

Universiti Utara Malaysia political analyst Dr Mohamed Mustafa Ishak puts the controversy in perspective:

"If Bumiputera equity is 45 per cent, then surely the next question is, why the need for Bumiputera rights? It has implications for government policy and it (removing indigenous rights) is one thing Umno will never accept at present."

In other words, if Asli's report is taken to be correct, then it means it is time the government did away with the affirmative action to help the Bumiputera.

The first of such programmes was the New Economic Policy (NEP), conceived after the May 13, 1969 race riots to combat poverty and restructure society. The NEP set a target of 30 per cent equity ownership for Bumiputera. Although the NEP ended in 1990, successive programmes under the National Development Policy (1990 to 2000) and the National Vision Policy (2000 to 2010) continue to stick with the 30 per cent goal.

This explains why Asli's report generated so much interest — and emotion — on the ground.

Universiti Kebangsaan Malaysia's Institute of Malay World and Civilisation director Prof Datuk Dr Shamsul Amri Baharuddin says public reaction is understandable as this is the first time the methodology of calculating Bumiputera equity has been openly debated.

"In Malaysia, it is good to have discussions on issues. It doesn't matter what the issues are. We need discussions because the alternative is taking up our *parangs*," he says.

But Shamsul is concerned that much of the discussion on this topic has been ethnicised and people are beginning to view the subject from their own racial prisms.

He says the gap between Asli's and the government's figure is too big, and this creates the impression that the government massaged the statistics to suit its political ends.

This only infuriates the non-Bumiputera who feel cheated. Shamsul adds. Not surprisingly, calls for the government to make public its methodology for calculating Bumiputera equity came primarily from the non-Bumiputera.

Leading the chorus is Gerakan president Datuk Seri Dr Lim Keng Yaik, who is also Energy, Water and Communications Minister.

Dr Lim had said that while Gerakan stood by the official figures, transparency on the matter would not give room to other parties to question the government's findings.

But the veteran politician's approach in making the request did not go well with some of his colleagues in government. Prime Minister Datuk Seri Abdullah Ahmad Badawi said it was all right to seek answers from the government — just drop the sarcasm, insinuations and innuendoes.

Abdullah said the government did not "lead and lie" and wanted the best for all Malaysians, not a particular ethnic group.

In any event, discussion of this issue — as with any other "sensitive" topic — has taken on a racial slant, when it should have been dealt with coolly and clinically.

For example, debate over whether to use par value or market value to calculate share ownership has been hijacked by those who suggest that the government has a hidden agenda by using the former.

And this has riled historian Prof Datuk Dr Khoo Kay Kim.

He says it is good to openly talk about any topic, even sensitive ones. But when the debate shows signs of spiralling out of control or reaches a tipping point, the open discussion must end.

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# Closed-door talks may be the best answer

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"We do not want to set people's emotions on fire. We do not want more ethnic champions to surface. What we want is for more people to build bridges between the different ethnic groups," adds Khoo, who helped draft the Rukun Negara.

What Khoo is saying is that after a certain point, discussions on explosive issues have to be done in a controlled environment where emotions are kept in check and facts looked into objectively.

Gerakan central committee member Senator Gooi Hoe Hin has a name

for such a setting: the National Economic Consultative Council (NECC).

Given the direction debate over the subject has taken, Gooi, who is also Dr Lim's former political secretary, suggests it is high time the NECC III was set up.

NECC I was established to deliberate the post-1990 economic strategies to replace the NEP. The NECC II helped draft the country's 10-year economic blueprint, the National Vision Policy.

Both councils were made up of representatives from political parties and interest groups and their closed-door discussions are said to be

just as inflamed.

"NECC III will allow all levels of society to participate in a meaningful way to bring about a more sustainable Malaysian economy to help face the challenges of a globalised world. It will also look into a fair and equitable distribution of wealth where the poor and underprivileged, irrespective of race, will benefit," Gooi says.

Gooi's Gerakan colleague Datuk Dr Toh Kin Woon says the racial focus generated from the Asli report fallout has diverted attention from the more serious problem of unequal wealth distribution within ethnic groups.

Toh, a Penang executive council

member, says the Gini coefficient for all races had gone up between 1999 and 2004, with the Bumiputera experiencing the highest rise.

The Gini coefficient for Bumiputeras went up from 0.433 in 1999 to 0.452 in 2004, the Chinese from 0.434 to 0.446, and the Indians 0.413 to 0.425.

The Gini coefficient measures inequality of income distribution: The higher the figure, the more disproportionate the distribution.

"It is time we looked at unequal wealth distribution and played down the race factor. What are the causes? Is it because of leakages, too many

privatisation projects or because the government has not played a big enough role in ensuring fairer distribution?" asks Toh, a former economics professor in Universiti Kebangsaan Malaysia.

But considering that emotion and narrow racial views have crept into the debate over Asli's contested findings, there is no assurance that discussions on related topics will not end up with the same fate.

That being the case, historian Khoo says there is only one way out: "If rational debate cannot take place in the open, you might as well call it off before it boils over."