

by **Jacqueline Ann Surin,**
Pauline Puah, B. Suresh Ram
and **Maria J. Dass**

PETALING JAYA: The research director of the Asli report which concluded that bumiputra corporate equity ownership was much higher than what government statistics showed has resigned after the think tank distanced itself from the findings.

Dr Lim Teck Ghee, director of Asli's Centre for Public Policy Studies, said he stood by the report which stated that bumiputra corporate equity ownership could be as high as 45% and not 18.9% as stated in government statistics.

The resignation came a day after Mirzan Mahathir, the president of Asli or the Asian Strategy and Leadership Institute, issued a statement that the report – *Corporate Equity Distribution: Past Trends and Future Policy* – was flawed in its methodology and assumptions, and its conclusions could not be "vigorously justified".

"Since I cannot agree with Mirzan's statement, and because of the need to defend the position and integrity of independent and non-partisan scholarship, I regret to inform that I will be stepping down from my position as director at the end of the month," Lim said in a media statement yesterday.

He said that as the centre's director, he bore full responsibility for the study, and stood by its findings, and the findings of the other studies the centre submitted to the government in February on the 9th Malaysia Plan (9MP) – **Interview Page 2.**

"I hope the public space opened up by the centre's work on this particular issue, as well as other important issues, will be expanded on and vigorously defended by others.

"It is the fundamental right of the Malaysian public to question all government statistics and policies, more so when these are not transparent or defensible," said Lim, a former United Nations regional adviser and World Bank senior political scientist, and the recipient of many international

Lim stands by report, quits Asli

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academic awards.

The corporate equity report was part of a bigger report the centre worked on called *Proposals for the Ninth Malaysia Plan (9MP)* which was submitted to government.

The centre's report had concluded that the New Economic Policy (NEP) target of 30% bumiputra equity ownership had already been exceeded, and said the official methodology inherited from the

1970s to measure corporate equity

distribution was "narrowly-based" and "unrealistic".

According to the 9MP, bumiputra equity ownership in 2004, as measured by the Economic Planning Unit (EPU), stood at 18.9%.

The Asli centre report also said it was clear that "selective patronage" had resulted in "serious intra-ethnic Malay cleavages", and the continued promotion of the NEP would only increase antagonisms among bumiputras that some are more favoured than others.

The centre did not receive any feedback from government until the corporate equity chapter was widely reported on a few weeks ago.

Since then, Umno vice-president Tan Sri Muhyiddin Yassin has described the report as "rubbish" and challenging the government's

» turn to page 2

Lim surprised by furore

by **Jacqueline Ann Surin**
and **Pauline Puah**

THE Centre for Public Policy Studies was set up under Asli in September last year. It has its own research associates but draws on a wide circle of academics nationally and internationally.

Its first project was to work on a report called *Proposals for the Ninth Malaysia Plan (9MP)* which was submitted to the government in February for consideration before the 9MP was unveiled.

The report focused on five main areas that the centre thought were priority areas – the civil service, educational reform, the plight of the low income communities, the plight of our Malaysian marginalised communities living in the forest focusing on the Penan, and corporate equity.

Although the report was widely circulated, the centre did not get feedback until the corporate equity issue – under the chapter known as “Corporate Equity: Past Trends and Future Policy” – was reported in the media.

In an interview at his office on Oct 4, head of the centre Dr Lim Teck Ghee, said that although reforming the civil service was far more crucial for the centre than the corporate equity ownership issue, the latter was still an important issue.

I'd like to stress is that, in no other country in the world, has a marginalised community such as the Malays come up so quickly and attain this position of, economic and social and political, I wouldn't use the word “dominance”, but success.”

“It's one which, if you talk to investors, bankers, people in the economic spheres, you will hear a great deal of concern about it. So, this is not an academic issue. It's an issue which has been articulated by many quarters for a long time, since this target (30% bumiputra equity ownership) was set,” he said.

“And what we did in our study was we focused on new data, new methodologies and we've arrived at a number of findings which we thought would be of interest to policy makers.”

Excerpts of the interview ...
theSun: Were you surprised at the kinds of criticisms levelled at the report?

Yes, I was. I must say that first of all, we were not expecting the furore. Ours was an objective academic study. We undertook the study with the best of intentions. We are not the cat's paw of any interest or group. The centre is an independent, non-racial, non-partisan body. We stand by our findings and we stand by the methodology that we used. We would be happy to engage in a discussion, a technical discussion on the issues of methodology and definitions, and our view that the (present) methodology used by the government is narrow, is outmoded, and is not realistic. And we'll be happy to sit down with scholars and technicians to discuss this.

Is this centre the first organisation to actually put up a view like that, that the methodology used by government is outmoded and too limited?

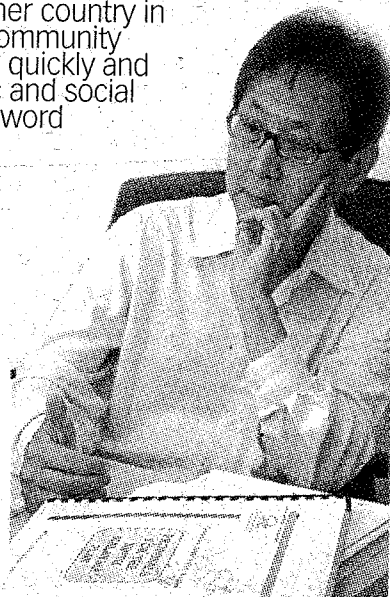
I think individual scholars in the past have alluded to this. But, to my knowledge, our centre is the first body, think tank, research organisation to work on this issue.

Were you surprised at all by the findings after the report was completed, that the (bumiputra) corporate equity (ownership) could be as high as 45%?

Well, yes and no. I must say that, we thought that the government figure of 18.9% was underestimated, but we didn't expect to find, using our definitions, that high an achievement.

And I must say that this high achievement shows that the government has been successful in redistributing wealth as defined by equity. So, it's something that the government should be proud of, and it's a finding which shared with the rest of the country, can allay some of the concerns and insecurities (of some groups).

So, we're a little surprised that our critics have accused us of having a particular agenda. The only agenda that we have is that of a non-partisan analysis of scholarly inputs into policy-making.



(We're saying that) in terms of the corporate equity share objective, that very specific target – using our methodology – has been achieved.

By the NEP (New Economic Policy)?

The corporate equity share target has been achieved. We're not saying that the NEP, you know, in all its fullest ramifications has been achieved. But in terms of the corporate equity share, it has, to my mind, reached its target and been successful.

But, quite apart from that, the point that I'd like to stress is that, in no other country in the world, has a marginalised community such as the Malays come up so quickly and attain this position of,

economic and social and political, I wouldn't use the word “dominance”, but success. Amongst all the countries in the world, the rise of the Malay middle-class and upper-class has been unrivalled.

But at the same time, the poor Malays continue to be poor?

There are many poor Malays and they continue to be poor. And we should prioritise this issue but continuing with the system of corporate equity distribution doesn't help the poor Malays. Giving places in the elite schools, scholarships to middle-class and upper-class, the children of middle-class and upper-class Malays who have benefited from the NEP does not help the poor Malays.

So, what the centre is advocating, and we're not the only ones, is that we need to change our strategy of development which is race-based to one which is race-neutral and more class-based.

What about the criticisms that you shouldn't be using GLCs (government-linked companies) as part of the calculation of corporate equity ownership?

You know, if you want to go into the calculation of it, if you take out the GLCs, like they said. If you take the Malay share of it, of companies, limited companies, and if you add in the Malay part of the nominee, it's 18.9% plus another four or five already. So, you're bringing it up to about 23% or 24%.

And also that doesn't take into account the foreign part of it which may have Malay proxy shares – Malay ownership using foreigners as proxy.

But, perhaps we don't need to get into the details of it (here). We're more than happy to have an open discussion about methodology with anyone.

What kinds of feedback were you hoping for that you thought might be constructive in terms of using this report more effectively?

Well, we were hoping that, as we indicated in the report, our database is, has been limited and we hoped that there would be fuller access to data provided by the authorities. We hoped that the authorities when they undertake their work will come out with a fuller, if not complete, explanation of how their statistics are derived.

We think that this kind of exchange would be more important. There's also the issue of the impact of the bumiputra quota of 30%. Now, there has been very little said in the official reporting on this, but there's clear evidence that this 30% or more has accrued in the hands of a very small group.

So, we hope that the discussion can be widened into the areas of how to ensure that equity wealth, for example, can be more widely shared with a much larger circle of Malaysians. We hope that the issue of rent-seeking and market distortions which have come about as a result of this ruling can be dealt with. In other words, we welcome a full discussion of all the complex dimensions of this issue from technical, to social to political.