

While Malaysia fiddles, its opportunities are running dry

MALAYSIA'S been at it again, arguing about what proportion of the economy each of its two main races — the Malays and the Chinese — owns. It's an argument that's been running for 40 years. That wealth and race are not synonymous is important for national cohesion, but really it's time Malaysia grew up.

It's a tough world out there and there can be little sympathy for a country that prefers to argue about how to divide wealth rather than get on with the job of creating it.

The long-held aim is for 30 per cent of corporate equity to be in Malay hands, but the figure that the Government uses to justify handing over huge swathes of public companies to Malays but not to other races is absurd. It bases its figure on equity valued, not at market value, but at par value.

Many shares have a par value of say \$1 but a market value of \$12. And so the Government figure (18.9 per cent is the most recent figure) is a



MICHAEL BACKMAN

gross underestimate. Last month a paper by a researcher at a local think-tank came up with a figure of 45 per cent based on actual stock prices. All hell broke loose. The paper was withdrawn and the researcher resigned in protest. Part of the problem is that he is Chinese.

"Malaysia boleh!" is Malaysia's national catch cry. It translates to "Malaysia can!" and Malaysia certainly can. Few countries are as good at wasting money. It is richly endowed with natural resources and the national obsession seems to be to extract these, sell them off and then collectively spray the proceeds up against the wall.

This all happens in the context of Malaysia's grossly inflated sense of its place in the world.

Most Malaysians are con-

vinced that the eyes of the world are on their country and that their leaders are world figures. This is thanks to Malaysia's tame media and the bravado of former prime minister Mahathir Mohamad. The truth is, few people on the streets of London or New York could point to Malaysia on a map much less name its prime minister or capital city.

As if to make this point, a recent episode of *The Simpsons* features a newsreader trying to announce that a tidal wave had hit some place called Kuala Lumpur. He couldn't pronounce the city's name and so made up one, as if no-one cared anyway. But the joke was on the script writers — Kuala Lumpur is inland.

Petronas, the national oil company is well run, particularly when compared to the disaster that passes for a national oil company in neighbouring Indonesia. But in some respects, this is Malaysia's problem. The very success of Petronas means that it is used

to underwrite all manner of excess.

The KLCC development in central Kuala Lumpur is an example. It includes the Twin Towers, the tallest buildings in the world when they were built, which was their point.

It certainly wasn't that there was an office shortage in Kuala Lumpur — there wasn't.

Malaysians are very proud of these towers. Goodness knows why. They had little to do with them. The money for them came out of the ground and the engineering was contracted out to South Korean companies.

They don't even run the shopping centre that's beneath them. That's handled by Australia's Westfield.

Next year, a Malaysian astronaut will go into space aboard a Russian rocket — the first Malay in space. And the cost? \$RM95 million (\$A34.3 million), to be footed by Malaysian taxpayers. The Science and Technology Minister has said that a moon landing in 2020 is the next target, aboard a US

flight. There's no indication of what the Americans will charge for this, assuming there's even a chance that they will consider it. But what is Malaysia getting by using the space programs of others as a taxi service? There are no obvious technical benefits, but no doubt Malaysians will be told once again, that they are "boleh". The trouble is, they're not. It's not their space program.

Back in July, the Government announced that it would spend \$RM490 million on a sports complex near the London Olympics site so that Malaysian athletes can train there and "get used to cold weather".

But the summer Olympics are held in the summer.

So what is the complex's real purpose? The dozens of goodwill missions by ministers and bureaucrats to London to check on the centre's construction and then on the athletes while they train might provide a clue.

Bank bale outs, a formula one racing track, an entire new capital city — Petronas has paid

for them all. It's been an orgy of nonsense that Malaysia can ill afford.

Why? Because Malaysia's oil will run out in about 19 years. As it is, Malaysia will become a net oil importer in 2011 — that's just five years away.

So it's in this context that the latest debate about race and wealth is so sad.

It is time to move on, time to prepare the economy for life after oil. But, like Nero fiddling while Rome burned, the Malaysian Government is more interested in stunts like sending a Malaysian into space when Malaysia's inadequate schools could have done with the cash, and arguing about wealth distribution using transparently ridiculous statistics.

That's not Malaysia "boleh", that's Malaysia "bodoh" (stupid).

email: michaelbackman@yahoo.com

LINK

▶ www.michaelbackman.com