

KERATAN AKHBAR-AKHBAR TEMPATAN
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The business of the ministries

Comment
EDMUND TERENCE GOMEZ

starbiz@thestar.com.my



IN this second article, on political economy issues that must be considered by political parties as they prepare for the 14th general election, my focus is on modes of government intervention in the Malaysian economy. It is well-known that the Government actively intervenes in the economy, primarily through the employment of government-linked companies (GLCs). However, what is not well-known is that federal ministries, under the control of cabinet ministers, also have control of GLCs.

Currently, there are 25 ministries in the cabinet. Of the ministries, the Prime Minister's Office (PMO), Ministry of Finance (MoF), Ministry of Rural and Regional Development (MRRD) and Ministry of Science, Technology and Information (Mosti) can be classified as the "Big Four" as they have control of an extremely large number of GLCs. The figure indicates the scale and scope of the business involvement of the MRRD, while I have reviewed the involvement of MoF in the economy in my recently published book, *Minister of Finance Incorporated: Ownership and Control of Corporate Malaysia*.

Other ministries employ GLCs, with differing levels of corporate presence. For example, the Ministry of International Trade and Industry (MITI) has a low level of corporate presence, while the Ministry of Agriculture and Agro-Based Industries has a much higher degree of business involvement. MITI, however, has oversight of important enterprises such as the Halal Development Corp, which is responsible for creating a global halal hub with a focus on production and the trade of such products and services. Ministries without GLCs are the Ministry of Women, Family and Community Development, Ministry of Youth and Sports, Ministry of Urban Well-being, Housing and Local Government, Ministry of Natural Resources and Environment, Ministry of Foreign Affairs and Ministry of Health.

The Big Four, however, merit crucial attention, as these ministries have a direct interest in some of Malaysia's most prominent GLCs. For example, Petrolia Nasional Bhd,

the Federal Land Development Authority (Felda) and Amanah Raya, all enterprises that own numerous subsidiaries, are under the purview of the PMO. Similarly, MoF controls important institutions such as the sovereign wealth fund, Khazanah Nasional, and the extremely well-endowed savings-based Employees Provident Fund (EPF) and Kumpulan Wang Amanah Pencen (KWAP) which, in turn, have investments in a range of enterprises in most sectors of the economy. MoF Incorporated, the ministry's holding company, is an extremely influential enterprise given its ownership of more than 100 GLCs that are active in various sectors of the economy.

However, some companies owned by MoF Inc are under purview of other ministries, relevant to their sector. For example, MRRD controls GLCs through important institutions such as Majlis Amanah Rakyat (MARA), Federal Land Consolidation and Rehabilitation Authority, Rubber Industry Smallholders' Development Authority and Lembaga Kemajuan Terengganu Tengah.

On the other hand, Mosti, which oversees the development of science and technology-based firms, employs GLCs directly without any intermediary. Important GLCs employed by Mosti include MIMOS Bhd, Technology Park Malaysia Corp Sdn Bhd and Austronautic Technology (M) Sdn Bhd.

While the extent of these ministries involvement in the economy may confound many people, there is a reason for this form of government intervention. This diversity of ownership and control of GLCs by different ministries is primarily due to their need to serve different social and economic development goals and objectives.

GLCs have long been actively employed by the Government as developmental tools to industrialise the economy, nurture domestic enterprises, including bumiputera-owned firms, and redistribute wealth more equitably among ethnic groups.

Each ministry has clearly delineated social and economic goals that it must strive to achieve. For example, Felda, under the PMO, was introduced as a land reform initiative to reduce poverty as well as develop rural areas through participation in the production of a major commodity, palm oil. Felda is recognised worldwide as a major success in helping to alleviate poverty through land reform. Felda has also produced a successful agribusiness sector.

The EPF, controlled by MoF, is a retirement savings institution that is responsible

for the savings of over 14 million employees. EPF has investments in a huge number of primarily publicly-listed firms, without control of these firms.

MARA, under MRRD, has also benefited Malaysians over the years by providing education to under-privileged students by establishing boarding schools, Maktab Rendah Sains MARA, all over the country. Through these schools, MARA has contributed to the creation of a bumiputera middle class, an issue recognised by a number of developing countries.

GLCs under Mosti have been helping potential entrepreneurs to invest in R&D to innovate and create enterprises in the forefront of technology. For example, Malaysia Venture Capital Management Bhd, a GLC under Mosti, has effectively played this role. One central role of the Government, in its endeavour to industrialise the economy, is to ensure funds are channelled to fledgling domestic firms as a means to create a large entrepreneurial enterprise base that generates employment and develops niche industries.

Indeed, such government-business ties were employed by Japan, South Korea and Taiwan when they embarked on their industrialisation drive. The Government's ideas around its "Look East" policy, introduced in the early 1980s, were built on the success of these East Asian economies to generate rapid industrialisation and nurture thriving entrepreneurial firms.

Emerging concerns

However, for all the good that government intervention through these ministries' GLCs has done, concerns have emerged about the Government's vast ownership of companies.

One issue that merits attention is that many politicians serve on the boards of directors of GLCs under the purview of these ministries, evidently a form of political patronage.

Another issue, involving specifically the Big Four, is about serious allegations of corruption linked to GLCs controlled by them.

The notable scandals include those associated with Felda, under the PMO, and MARA, controlled by MRRD.

GLCs linked to MoF have also been implicated in scandals, with the most noteworthy one being 1MDB.

Crucially too, PMO and MoF are ministries controlled by the Prime Minister who also serves as the Minister of Finance. This concentration of economic power in the office of

the Prime Minister is an issue that has to be redressed given mounting criticisms, especially by civil society, about the large number of corruption cases involving GLCs.

What is evident is that government intervention in the economy through GLCs owned by ministries can be developmental in nature, seen especially in the case of Mosti, while also serving as a mechanism for the practice of patronage and the site of much corruption. History has shown that ministries can effectively utilise GLCs to help fulfil their social and economic goals. But reforms are now imperative.

These reforms include ensuring that the Prime Minister relinquishes his role as Minister of Finance to foster some check and balance in cabinet.

The management of all GLCs has to be in the hands of qualified professionals and politicians should not be allowed to serve as directors of these firms, a reform, interestingly enough, introduced by former Prime Minister Tun Abdullah Ahmad Badawi, though his focus was primarily on what has been termed as government-linked investment companies (GLICs) such as Khazanah, EPF and KWAP, as well as publicly-listed GLCs.

Ensuring checks and balances

Another reform to ensure checks and balances in the system would entail channeling responsibility for oversight of the GLCs to parliamentary select committees to ensure they are managed well and in a transparent and accountable manner.

The Big Four, specifically the PMO, MoF and Mosti, still has much to do to ensure new industries have adequate access to funds to drive industrialisation, while MRRD must continue its focus on alleviating rural poverty and developing under-industrialised areas.

But with scandals emerging as a worrisome norm from these ministries involvement in business, a progressive form of state intervention is being deeply undermined. With a general election impending, now is the time to compel politicians to commit to a devolution of power to oversight institutions to ensure such abuse of GLCs is stopped.

Terence Gomez is professor of political economy at the faculty of economics & administration, University of Malaya and senior fellow at the Institute for Democracy & Economic Affairs. This article was co-written with Juwairiah Tajuddin.

THE **Star** ONLINE

Our teens are bullies



IS it okay to call an overweight person “an elephant” online?

Yes, apparently, according to most Malaysian teens in a study on Internet usage and its impact on psychological and medical health.

The teenagers also didn’t see anything wrong with “liking” such offensive comments or forwarding it to others online.

It turns out that most (53.5%) of the teens have moderate to high tendencies of being a cyberbully, rather than a victim, based on the study conducted by a team of six Universiti Kebangsaan Malaysia experts and lecturers last month.

Such cyberbullying includes targeting a person or group by calling them inappropriate names.

Some 36% were also likely to have aggressive online behaviour such as using foul language over social media.

On the flip side, about 25% had the experience of being moderate to severely victimised online by bullies.

The study, held in collaboration with **CyberSecurity Malaysia** and the National Council of Women’s Organisations Malaysia, was a pilot project carried out among 86 Form Two students in a secondary school here.

It will be expanded to cover Malaysian adolescents nationwide, with the next chapter to be conducted in the next quarter of this year.

Calling the results worrying, UKM Assoc Prof Dr Suzaily Wahab, a consultant psychiatrist, said the team didn't expect for the respondents to show such high likelihoods of being cyberbullies.

"Children can be well-behaved in person, but become a different person altogether online.

"The online world enables a person to be anonymous, with ability to post threats at anytime of the day and spread news within seconds.

"The imbalance of power, often seen in face-to-face bullying, is reduced in cyberbullying cases.

"For example, a small-sized teen can easily bully someone of bigger size online," she said in a recent interview.

The teens in the study also tend to be significantly affected emotionally by what happens online, with 44.2% having moderate to high cyber-related depression, anxiety and stress.

Internet addiction is also high with 59.3% of respondents being heavily dependent on the Internet.

On why there is such a high tendency for teens to be aggressive online, Dr Suzaily said further research needs to be done to explore the possible reasons.

"However, it could be because they have been so used to seeing actions like name-calling and using vulgar words online that they feel it is acceptable to do so.

"Nowadays, even primary school kids have smartphones and so, they are exposed to cyber threats at a young age," she added.

Dr Suzaily said there was a need to focus on educating teenagers on proper online etiquette.

"We also need to provide appropriate intervention for students with high cyber risk behaviours as the problem may persist into their adulthood.

"We must always remember to not only help cyberbully victims but also the cyberbullies themselves," she said, adding that the underlying issues contributing to the bullying behaviour need to be identified and properly managed.

Dr Suzaily said parents have an important role to play in monitoring their children's activities online.

"Parents should set time limits for their children in using digital devices," she said.

CyberSecurity Malaysia chief executive officer Datuk Dr Amirudin Abdul Wahab said over 80% of children in Malaysia go online mostly at home.

"This is why cyber parenting is important in ensuring children learn about good Internet etiquette," he said.

He added that children needed guidance and monitoring from their parents so that they will be able to benefit from using the Internet while staying safe online.