

**PRODUCTIVITY AND ETHICAL ASPECTS -
THEME : "MALAYSIA DEVELOPMENT VISION"**

AT THE HARI ALUMNI UM : BALIK KAMPUS 2008 ON FEBRUARY 2ND 2008

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Saudara dan Saudari Sekalian,
Ladies and Gentlemen

Its an emotional experience for me to be back at this University of Malaya Campus , as part of the UM Alumni Family . Together we celebrate about 50 years of our establishment as the University of Malaya in Kuala Lumpur and 100 years of our University's rich history , covering both former Malaya and Singapore .

I must confess that I actually graduated from the University of Malaya in Singapore in 1959, with our outstanding Forum members like Tun Musa Hitam , Dr R. S . Mc Coy. However when I received my Option Forms to elect to be a member of the UM Alumni - being a proud Malaysian , I quickly joined the UM Alumni!

My earliest association with the UM was when I used to pose as a Senior with the cooperation of pioneer student leaders like Tan Sri Ajit Singh, Tan Sri Razali and Tan Sri Elias Omar, to rag Freshies on this UM Campus in Kuala Lumpur ,even after I had graduated .

Thus for my past misdeeds I have been given this privilege to address you all today ! I am also honoured, that I have been regarded as a worthy son of the University of Malaysia, to which many of us owe so much , for whatever we have achieved in later life !

B. DEFINITION OF THE TOPIC.

Our wise V.C. Dato Rafiah Salim, knowing how speakers like to think outside the Box, as encouraged by our liberal minded Prime

Minister Dato Seri Abdullah Badawi, gave me the liberty to speak on any subject within the context of this Forum Perdana which is :

``Productivity and Ethical Aspects`` -within the theme , Malaysia
Development Vision``

As you know , I am a child of Merdeka. I was a student at the University of Malaya in Singapore in 1957 and was at the Dataran Merdeka as the clock at the then Secretariat Building struck 12 Midnight , as the crowds went wild with excitement , as our new flag the Jalur Gemilang was raised and the Union Jack came down .

I was also at the Merdeka Stadium the next day when our great leader Tunku Abdul Rahman led the jubilant crowds with 7 thunderous and victorious shouts of Merdeka . I soon went on to pledge to serve God, King and our beloved country Malaysia , for 30 years in the Malaysian Civil Service (MCS) then - and now known as the PTD.

Hence my interpretation of this important topic has been influenced by the spirit of the Merdeka Generation to which I proudly belong.

I see the word ` Productivity ` in the Topic to mean ` Economic Growth ` and the ` Ethical Aspects ` , as Equity in Income and Wealth Distribution. That in fact what the New Economic Policy Theme of `Growth with Equity` , has been all about !

I next interpret ``Malaysia's Development Vision`` as ``Vision 2020 and our country's development in the Next 50 Years - and Beyond !``

This is therefore an ambitious topic . During the last 50 years of Merdeka we can take pride and be grateful for our high economic growth , political stability , peace and progress . I have no doubt that Malaysia's impressive success has been due to our generally sound Leadership and Good Governance . This has been underlined by our the unprecedented achievements , in the NEP goals of significantly reducing Poverty and improving the Equity and Income and wealth Distribution , through Restructuring the Economy , since Merdeka and especially since the May Riots of 1969 .

However after 50 creditable years major socio economic transformation , there is now growing Concern among most Malaysians , about Malaysia's ability to sustain this high rate of

progress . We hear this critical question raised anxiously in Coffee Shops and Cocktail Parties and indeed in the privacy of our own homes .

WE ASK : CAN WE SUSTAIN OUR SUCCESS THAT WE HAVE GAINED SO FAR , IN THE LONGER TERM WITH OUR COMPLEX AND EVEN UNIQUE MULTIRACIAL AND MULTICULTURAL SOCIETY?

Why do so many ask this important Question ? It is because we owe it to our beloved country Malaysia, our people and our own future generations, to sincerely examine the vital structural long term Challenges facing our country , with courage and without political or self interest.

We the Moderates and the Silent Majority of our country must speak up or be driven by Extremists that are found in any society .

We have to fulfil the Trust (Amanah) given to us by the Almighty, to serve our country and our people dutifully and faithfully . Let me say that I was myself deeply involved in the formulation of the NEP as an economist in the Treasury. Hence I also strongly support the NEP ,in its Original Form and Substance - when it is pursued fairly and without abuse .Which right minded Malaysian could have reasonably opposed the `Eradication of Poverty regardless of Race and the Restructuring of Society , to remove the Identification of Race with Occupation or Economic Function`? But this noble concept has been often abused . For instance , we never heard of Approved Permits then !

CROSS ROADS OF SLIPPERY SLOPE.

The problems however arise now when this sound NEP is wrongly implemented and this Social Contract (which was originally intended for 20 years) is not faithfully followed , according to the True Spirit and Time Frame of this vital policy.

This is why we are now at the Cross Roads . We can go down a Slippery Slope or determine from now , to choose a New Strategy to achieve greater National Unity and Progress in the Future ?

I venture to say that many Malaysians are presently soul searching within themselves .They question and even doubt , whether we can sustain the present momentum of National Unity and Socio

Economic progress, if we continue to travel along the present Slippery Slope !

C. WHY ARE WE ON A SLIPPERY SLOPE -- and WHAT HAS CHANGED?

Malaysia is on a Slippery Slope because of the following major Changes in the last decade or so :-

1. Firstly , the National Unity as we knew it in the 1960's has declined. We are now more polarised than ever before , according to race, religion and geography . This is unfortunate and must be addressed sooner rather than later , and before it is too late . I am a member of the National Unity Advisory Panel and speak with some knowledge on this sad state of affairs. We have become increasingly more racial than nationalistic in our thinking and outlook .

2. National Productivity, as mentioned in our topic, has not progressed significantly. The TFP (Total Factor Productivity) is estimated at only 35.8% of the GDP for the 9th Malaysia Plan (9MP pg 46). Similarly the ICOR (Incremental Capital Output Ratio) was a weak 6.2 in the 8th Plan (9MP pg 65). Sadly we have relied too much on our easy availability of Financial resources from Petronas - and less on the productivity of our Human Capital. This shows that our Productivity is relatively low ! The World Bank and several other International Indices indicate this declining trend .

We have emphasised more on quality Infrastructure and less on developing our skilled and technological manpower . Our R& D is still low at less than 1.0 % of our GDP . How can then we sustain our Economic Growth and Income Distribution and Equity , and become more Productive and Competitive in the longer term ? Most of this limited R & D is undertaken by the Government sector and not the Private sector as it is short term in its outlook , is not sophisticated and too dependent on the Multinationals for R&D !

3. The Ethical Aspects and the Integrity of our Nation have also been deteriorating . This is evidenced by the weakening of the Integrity of our National Institutions.

The degree of independence and quality of our Judicial system has been questioned by the discerning public and Royal Commission on the

Lingam Video Tape , even now as we Balik Kampus or Go Back to the UM Campus . The quality of our Law and Order and the Rule of Law have also raised much public anxiety as to even our basic sense of well being .

Safety and Security have emerged as major problems in many parts of our country , while Law Enforcement and the respect of law have suffered considerably .

The Public Services have continued to expand, with more perquisites but relatively less productivity and efficiency. Most of the Civil Servants are Malays and there is a reluctance to pull up those of the same race . Inbreeding has set in the Civil Service .We now have had to have a Task Force called Pemudah to improve the public services Delivery System , as ambitious Government Policies and Plans are often not well implemented and public expenditure wastage occurs . The Cost Benefits of our high expenditures are often open to question .Some Indices indicate slight improvement but many other Indices indicate otherwise ! We have become selective in the quotation of International Indices because we shy away from the truth and transparency . We have become more defensive and lack the sense of urgency for change and reform .

After 50 years of Merdeka, our Basic Freedoms have not improved sufficiently with the times. The ISA, the OSA, the University Act, the Printing and Publishing Act and a whole range of other legislation, including the Election Commission Act, continue to constrain fundamental freedoms . They prevent our Democracy from flourishing toward greater maturity.

The Integrity of the Environment is undermined with inadequate policies , laws and especially the lack of proper enforcement to protect the quality of life and environment for our grandchildren and our posterity . Hence we have experienced the deterioration in our Rivers, Water supplies, Sewerage and Garbage disposal and frequent Flooding. Much of this environmental damage could have been avoided if we exercised more diligence and care for our beautiful environment . But political and business vested interests and greed have often won the day at the expense of protection of the quality of our environment . But some sporadic counter measures are now being undertaken at unduly high costs to the tax payer . We only hope its not too late to save our environment from further exploitation and debilitation .

4. Corruption has worsened over the years .

I believe it has not become a way of life as yet. Neither is it rife across the board . But it is bad enough. On the Transparency International Rating, Malaysia is no 43 out of about 180 countries. That is not good at all. There is no point comparing ourselves with the less developed countries , like Bangladesh and Indonesia . Instead we should , as in all cases , compare ourselves with the advanced Developed Countries , rather than the Least developed countries of the world .

Actually , I don't enjoy criticising the corrupt politicians , officials and businessmen and businesswomen . But as President of Transparency Malaysia (TI-M) its a matter of my duty that I have to reluctantly be openly critical of my compatriots , to serve our country and to help protect especially the poor who lose out most from corruption! And ironically , most of the poor are Malays and Bumiputras who are let down by the leaders in Politics , Government and Business , who are mostly Malays themselves

Money Politics however is the root of all corruption ! This monster will be rearing its ugly head again soon, with the prospects of early General Elections in March 2008! We therefore need a stronger political will to combat this serious and crippling scourge of corruption . How can we insist on a clean civil service and better business ethics, when Money Politics appears to thrive without adequate monitoring and checks and balances ?

That is why Transparency International Malaysia is trying to help to keep track of the extent of Money Politics , through the Crinis Project that has been successful in 8 Latin American countries .

Crinis is a Latin word meaning - `A ray of hope`

And we at TI-M are hoping that the Crinis Projects will give us the tools to trace and monitor the extent of Money Politics in the Elections and to fight this evil source of corruption .

5. These are some of the major reasons why I believe we are on a Slippery Slope and why there is growing uncertainty and much anxiety over the longer term sustainability and future success of our country.

That is why many of our best and brightest Malaysians of all races (and surprisingly many bright and able Malays too), are either staying back abroad after a good education, migrating abroad and/or being unfortunately encouraged by many Malaysian parents to leave our country. I used to frown on these migratory moves : but I can now better, though not fully, understand these sad trends!

For these very reasons ,many successful Malaysians and Businesses also do not seem to have a good long term view and firm faith and confidence in the country's future . Thus capital is flowing out when it could be invested at home. The 9th Plan Projects are still not moving fast enough. Many Malaysians of all races still complain of bureaucratic constrains in implementation of policies and projects by an unbalanced ethnic Public Service . The ethnic dominated Civil Service is perceived to be racially biased and allocates Government Contracts on the basis of politics , connections and ethnicity , rather than performance and competition .

We may spend large sums of public funds on the building of infrastructure projects in the new Development Corridors but we need to be more concerned with Cost Effectiveness and Cost Benefits too, to sustain our economic development in the longer term . Spending enormous funds can give short term gain ,(especially for political gains), but long term losses , if these public funds are not prudentially expended . This you will agree is bad ethics !

All this leads to inefficiency and weakens Productivity and Ethics, which we can't afford to tolerate for too long . Once the Petroleum reserves diminish and we become a net importer of Petroleum , in about 15 years , we will feel the pressure for the greater need for stronger financial discipline over the scarcity of financial resources !

D. WHAT THEN SHOULD BE , THE ``DEVEOPMENT VISION`` OF THE FUTURE? -- A NEW STRATEGY ?

How can we as a nation at this Cross Roads in the Slippery Slope get off to the New Strategy that will help us Go Forward on a steady path toward greater Peace and Progress ?

I have consulted many thinking Malaysians of all Races and the broad consensus on what we should do is as follows :-

Firstly , Lets Go back to Fundamentals and the Vision of our Founding Leaders .

Lets go all out from now to Eradicate Poverty – regardless of Race . The general perception is that the Poverty Line Income of Rm 152 per capita , per month in Peninsula Malaysia (page 329 9MP) is grossly inadequate . That works out at about Rm 5/- per day , for basic needs like ``food , clothing, housing transport and other items ``

The figures for the Absolute Poor are even more distressing. Its Rm 91/-pm which works out at Rm 3 /- per day per person ! I ask how is it possible to keep body and soul together on only Rm 3/- a day ? No wonder there is a rise in crime ! Why can't we have a basic Minimum Wage that is higher than the low wages that our Industry wants to pay to the 2 million foreign workers . We need to give our own people a better deal ? Why are we promoting economic growth to benefit foreign workers and our businessmen who want cheap labour because their businesses are not competitive enough ? Maybe the University of Malaya and the 40 odd Universities that we have , can do more relevant research , to help the Government to address these vital questions more seriously ?

Raising the Poverty Line Income to more realistic levels can increase incentives and the Productivity of all Malaysian workers . Government Policies will then be regarded as Fairer and more Ethical. Then there will be less frustration and the worsening Geni Coefficient (which measures income disparity) between races and within the Malaysian Races , will improve ! We should not think that by keeping the Poverty Line so low - we can wipe out Poverty in a few years ! Indeed Government may be reluctant to raise the Poverty Income line , as it would show that a higher proportion of our population is really poor !

And lets be more Ethical and treat all those who are Poor-- equally . I know you will agree ,that it is basically wrong and untenable and Unfair , to discriminate among the unfortunate poor Malaysians of all races . Most of the poor are Malays and Bumiputras and so it should be in the long term political interests of the Government to raise the presently low Poverty Income Line .

2. Secondly, we have to phase out , if not remove our preoccupation with Protection in the field of Restructuring . With the growing forces of Globalisation , it is more important to give much higher priority to the upgrading of Human Resources . With Government's greater control over the strategic heights of the economy , there is less need

to stress Equity Ownership . In any case why would foreign or domestic investors want to subject themselves to giving up Equity Ownership when our competitors like China , India , Vietnam and many Asean countries are much more open and liberal to foreign investors ? And what is the use of having more that 50% Equity when the crucial management is in non Bumiputra hands ?

3. Thirdly , the Integrity of our Institutions like the Judiciary , the Police the Civil Service , and our Universities , have to be further strengthened as a matter of urgency . Its not difficult to do so if there is a stronger political will . Meritocracy and Competition could be quickly introduced to recruit the best and to promote and reward the ablest , regardless of considerations of race and religion .

The lateral recruitment now proposed by Government for the Civil Service is a good start , if again it is implemented properly .

Our University Standards have to be raised quickly as our future leaders will come from them . We see the great drop in standards as we go down the International University Rating systems. Are the past Government policies on the English Language, University Matriculations Entry Standards , relatively poor remuneration and insufficient recognition for academic quality, some of the reasons for our decline in University standards . Can we do more and at a faster pace please ? For instance , after 50 years , why is there not even one non Bumiputra Vice Chancellor ?

4. Fourthly . Corruption is a curse and cancer in any society . Although some major initiatives have been adopted to combat corruption , like the establishment of the Integrity Institute Malaysia (IIM) and the Anti Corruption Academy (ACA) , these measures are not enough in themselves . The ACA itself has to be beefed up and made independent and the necessary Anti Corruption laws further tightened to fight corruption more effectively.

Indeed unless we combat corruption at all levels , especially at the highest strata of society , the public will not give its full support to fight corruption effectively . And the poorest in our society , who are mostly the Bumiputras , will suffer most . They can least afford to be abused by the privileged and elite groups amongst us .If the poor of all races feel cheated through growing corruption , they will show their anger in undesirable ways (such as through Illegal demonstrations), that could cause social unrest This could undermine national unity and stability and the future progress of our country !

5 Fifthly . Fairness and Equity have been promoted by our Prime Minister in all his major policy speeches . But unless there is better Government performance across the board , the public will perceive these announcements cautiously and even as rhetorical statements .

One important strategy to introduce would be by way of the Delivery System (Pemudah) . It could observe some kind of equitable Quota System in the public and private sectors . The Government will need to take the lead as the Government is using tax payers funds and therefore must be Fair to the public . Quotas based on racial composition can be used in the field of scholarships , recruitment and promotions into the Public Service , and in the award of Government Contracts , Licences and permits etc. This Quota system is necessary to ensure that the authorities are held responsible and accountable , to ensure that there is Fairness in implementation . Otherwise there can be many distortions created by the Big and Little Napoleons , who seem to the public to often get away relatively unscathed , sometimes through mere denials and distortion of facts !

Thus the best of all races should be given a chance to serve our country and benefit from its progress in a balanced way forward . Bumiputras and non Bumiputras alike should not feel that only or mostly the Elite Groups of all races (Malays and Non Malays) are benefiting from the NEP and not the most qualified on the basis of merit and competitiveness .

Similar equitable and fair schemes can be introduced for employment opportunities in the Private sector too . The best of all races should be employed by the private sector , without any protection but on the basis of Merit and Competitiveness , within the agreed equitable Ethnic Quota System . This way the interests of all Malaysian races will be protected , without favouritism.

We could introduce laws against job discrimination . Where a business discriminates in employment , according to race and religion , it should be penalised .

6. There has to be adherence to the Constitutional provisions that envisage a Secular State . One of the greatest sources of uncertainty and insecurity is the threat of religious extremism from all religions . There should not be any threat in Malaysia if we follow the true tenets of our great religions . Our Government could show by its policies and practices that it fully respects freedom of religion according to the principles of Hadhari .

But unfortunately Government has been found wanting sometimes .The Government must be more steadfast and fair to all religions at all times . This is basic for our national credibility and stability . We often claim that we are a Model Multiracial and Multi Cultural society , so we must live up to it .And the world is watching us !

E. CONCLUSION.

Given our God Blessed country, with our rich resources , the great cultural and religious heritage that we enjoy, the haven that we have against Natural disasters-- there is no reason why Malaysia should decline the Slippery Slope .

Indeed as a patriotic Malaysian , with no political party affiliation , I believe that Malaysia , with all its blessings , can really do much better. Malaysia could be a Model Multiracial/ Multicultural Country, which the world for the world to emulate and admire.

As a caring Malaysian , I believe our Political Leaders can and should from now on show the Way Forward to a Better and more Progressive country .

On our part , we the rakyat must do our part to actively promote National Unity and Progress , as our ``Development Vision``. We must constantly remind our Leaders , that we are alert and watching and that we will only support their best efforts , to promote Productivity and Ethics , to progress in harmony , peace and prosperity in the longer term .

I believe that we can succeed , if we all act together as True Malaysians , with God's help !

May God bless our country and our wonderful Malaysian people !

Terima Kasih .

Tan Sri Ramon Navaratnam
MU Alumnus -February 2nd, 2008