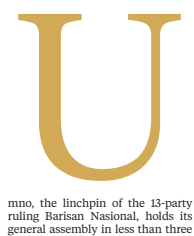


COMMENT

A test of Umno's reinvention

SPOTLIGHT The Umno general assembly will be closely watched for proof that the party has reformed and prepared itself for the next general election



Umno, the linchpin of the 13-party ruling Barisan Nasional, holds its general assembly in less than three weeks — likely its last before the 13th general election.

What goes on during the convention, which kicks off on Nov 29 and goes on until Dec 3, of this most scrutinised party will be of great interest to many.

One question for which answers will be sought is whether Umno, which boasts a membership of 3.5 million, has taken the pulse of the people and adopted changes to meet the political demands of discerning voters. Another is whether the grand old party has instituted reforms fol-

lowing the setbacks it endured in the 2008 general election. This will restore its founding status as the party that represents the Malays in the country.

Umno had renewed its commitment to put the people first when it celebrated its 65th anniversary on May 11 this year, as the party worked to ensure it remains the bedrock of Malay politics and revives the selfless spirit of its establishment in 1946.

In doing so, it affirmed the principle of inclusiveness of the other races.

The party has been brutally honest with itself, conceding for the first time that it could lose power if it failed to change its ways, and eliminate power struggles and business as usual for the party.

Najib is determined to fix the party's image to win over lost support. This will be first time that he is leading the Umno-led BN coalition into the general election.

All new leaders, said former Umno



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secretary-general Tan Sri Sabbarudin Chik, wanted to score a decisive win in their first electoral outing and Najib was not expected.

"His predecessors secured big victories when they led BN into a general election for the first time. It is natural for Najib to want to win back BN's traditional two-thirds majority in Parliament at the next general election. He will also do this in his own way," said Sabbaruddin.

Najib has for some time been upping the tempo, rousing his troops for what analysts say is a do or die electoral campaign for Umno.

"It's a battle royale, so delegates have to leave the general assembly with renewed spirit and a high level of confidence in winning the election," Mustafa said.

Najib has been pressing the party's rank and file to close ranks, discard factionalism and embrace the collective objective of putting up a strong challenge to their political foes. Party members were reminded that the enemy was outside the party, not within.

But rivalries among divisional leaders have not stopped, even in the constituencies where internal

discord had been identified as the cause of Umno's defeat in 2008.

Recent incidents during Aidil Adha have raised eyebrows.

Grassroots leaders had even politicised the religious festival as they competed to outdo each other in the ritual slaughter of cattle for the poor.

Umno wants to win many more seats in all states and what it needs most, at this point, is to see its machinery intensify preparations for the polls.

The party is now on a mission to identify winnable candidates, even looking elsewhere for suitable personalities. Grassroots leaders are



Umno members must close ranks to ensure victory in the 13th general election.

hoping that such criteria will be spelled out more clearly at the assembly.

"Yes, some will be waiting to get a clearer picture of what winnable candidates mean at the assembly," said Umno information chief Datuk Ahmad Maslan.

Najib has been telling the Umno grassroots to leave the selection of candidates to the party leadership and not squabble when those from the divisional hierarchy fail to make it into the final list. But he has not specified the qualities that he is looking for, only saying that prospective candidates must be popular and acceptable to the people.

Umno, as the largest party in the country, cannot afford to be seen as self-absorbed in its internal conflicts but rather should work more visibly towards achieving a bigger victory for itself and BN.

Former Umno president Tun Dr Mahiaddin bin Mahidin has also warned Umno members against disunity and disarray, urging them to return to the party's original struggle and cast aside self-interest to win the general election.

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The West must introduce 'debt brakes'

FRUGAL MOVE This time, it is the rich countries that must be forced to live within their means, writes Klaus F. Zimmermann

While the idea of a "debt brake" has not risen to prominence at the G20, it is one of the most important tools to get fiscal policy under control. It must now rapidly move to the centre of the global debate.

This is of great importance not just for the "Old World".

It includes not just Europe and Japan but also the United States, whose debt level will soon exceed dominate international headlines again.

Emerging markets are also most keenly interested in the topic.

Look at the debt issue from a historical perspective: If the former colonial powers (read today's G7 nations, plus some countries like Spain and Portugal) now don't get their fiscal acts together, there is a



As Western economies take a beating, governments must move to implement austerity measures.

very real danger of a new form of colonialism. That new "colonialism" would manifest itself in the very serious growth tax that would be imposed on developing nations.

That "tax" would take the form of a global economic collapse and a decline in development aid related to an unresolved Western debt overhang that may soon prove unsustainable.

Or it may take the form of high inflation, which would have the same effect on emerging market countries, which depend on macroeconomic stability to move from under the shackles of centuries-long underdevelopment.

To deal with the consequences of the debt mountain already accumulated, a continuation of wishful thinking isn't a policy choice.

We need the introduction of a "debt brake". This measure would go a long way toward stabilising the long-term expectations in financial markets about the future fiscal path of rich countries' governments.

To be sure, an immediate imposition of a debt brake would be neither wise nor desirable, given current economic conditions. But the time is certainly right for agreeing on the launch at a fixed date in the not-too-distant future.

In Germany, for example, the debt brake, approved by Parliament last year, will take force in 2016.

To be effective, such a debt brake mechanism must meet three tests.

First, it must be anchored in the countries' constitutions, underscoring the hard-to-revoke character of the commitment.

Second, countries must undertake commitments mutually, as is now the case in countries in the eurozone from Spain and Portugal to Italy.

And third, in light of the past failure of effective monitoring and enforcement (whether the Maastricht criteria in the European Union or pay-go rules in the United States), there must be independent watchdog agencies, equipped with penalising powers in case of malperformance.

But it is not just past practice that makes us in the West accountable for our past actions in running up debt. Our future-oriented self-interest dictates no less. Perhaps the most important number ever generated by the International Monetary Fund, an institution in the business of producing millions of numbers, is this: 441 per cent.

That is the expected debt-to-gross domestic product ratio that G7 countries will arrive at on average by 2050 under present policies.

Concerned as we rightly are about debt levels approaching 100 per cent for major G7 nations (other than the eternal culprits of Japan and Italy, which are both way past that marker), some policymakers and policy analysts are still inclined to just wish that number away, believing in a magic healing function of the economy.

Since we are collectively on the road to 441 per cent, not even the most fantastical economic and political minds can really be prepared to go on with business-as-usual.

The debt brake is a very useful instrument to achieve the turnaround.

All its adoption signals is this:

First, we need to live within our means.

And second, we need to understand that pre-crisis spending levels were the maximum level of public spending and that any future need or desire can easily be publicly financed by cutting other, already funded activities by an identical amount.

Over the past several decades, it was usually emerging market countries that were forced to live within their means, often at the behest of their Western creditors.

Now that situation has reversed itself.

This time, it is the West that has to take the tough medicine.

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Need for Sibiu to 'reboot' itself

GOING FORWARD Sarawak's town of timber and tycoons has to reinvent and build up so as not to be left behind

Sitting on the upper deck of a trendy new bakery and a café as Sibiu's and Sarawak's tallest building casts a long shadow from a bright late-afternoon sun and somewhat feeling lost contemplating author Niall Ferguson's latest theory about the six "killer apps" of Western civilisation amidst the latest Mandarin pop music, this writer was earlier this week thinking he could have been somewhere in Taiwan rather than Sarawak's riverine capital of business.

Sibiu has been bypassed by Miri as Sarawak's second city but it is not letting that fate paralyse it from moving forward.

Expansion works on the town's airport will soon double the size of its terminal building.

The ride into town appears far less bumpy, given that much work (and expense) has gone into tackling the notorious soft, swampy soils upon which much of Sibiu is built.

The town is neat, helped along by the vast expanse of greenery just beyond the tallest building beside the mighty Sungai Rejang. New shopping malls are sprouting as are new shops.



John Too

Traffic into the town centre is now much more streamlined and the end result is that the pleasant townscape is far removed from the dreary nondescript nature of many a mid-sized Malaysian town.

Yet the town that timber built and the birthplace of several banks (since absorbed into the nation's banking giants) remains a place of business.

It remains the corporate headquarters of companies which have grown to become multinational behemoths and thus a place where the high-flying son of Hong Kong's Li Ka-shing and the

prime minister of Papua New Guinea, among others, come to pay due homage.

Jalan Tun Abang Haji Openg is Sibiu's millionaires' row and therein resides several of the nation's wealthiest businessmen.

But if Sibiu is home to more than its share of the nation's wealthy, it isn't obvious that it is the playground of the rich and famous.

It is suffering a net outflow of people to Kuching, Miri and Bintulu.

There is a fear that as the state government concentrates on making Mukah a new urban growth centre, Sibiu will further lose out.

That Sibiu still does not yet have a

university of its own despite the best efforts of the town's powers-that-be is a cause of grave concern.

Not that the town's moneyed class does not have the financial wherewithal to make it happen. But Sibiu's declining population means a sufficient critical mass of local fee-paying university students does not exist.

That is a shame. Because while Sarawak's resource-based business model still has legs, such businesses will increasingly move to Miri, Bintulu and maybe Mukah and Tanjung Manis.

Sibiu needs its own "killer app" to reinvent itself if it is not to slide

into an increasingly economically irrelevant if genteel existence.

And a fairly obvious starting point to "reboot" Sibiu would be to refashion the town as an urban incubator of new enterprises, given the town's renowned reputation for entrepreneurship.

A university that emphasises business and entrepreneurship development may be feasible as a genuine private-public partnership.

This is why the Taiwan model not just as a high-technology hub but also of thriving small and medium-scale enterprises that have newly won the island a well-served reputation as a powerhouse

of new lifestyle products and ideas is perhaps relevant to Sibiu.

The bakery café that momentarily transported me to Taiwan can be a good example of a workable business idea. Its trendy fittings and state-of-the-art feel plus a staff of young, evidently well-trained and motivated people may be a recipe that can be replicated across Sarawak and possibly beyond.

Sibiu's business class is deservedly well-known for its entrepreneurial flair and daring.

One suspects it just needs the government providing the right policy environment for those fine qualities to take surprising and welcome turns.

Dare we hope for Sibiu's urban chic to develop into a new industry in much the same way it has in Taiwan or Thailand?

Sibiu has lately become hot political ground, primarily because of the keen contest between the Sarawak United People's Party (SUPP) and the DAP for the hearts and votes of urban Chinese.

It needs a new and workable vision to fire the popular imagination.

Whether SUPP or DAP is best able to convince people that it can provide that vision for Sibiu will be a local contest that possibly has national impact and implications.

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