

THE SUN

DATE: 21/08/2007

# Policies must cater to changes: Raja Nazrin

The Sun - 21/8/2007

**KUALA LUMPUR:** Policymakers must be aware of the changes that need to be made if Malaysia is to remain prosperous for the next 50 years, the Raja Muda of Perak Raja Dr Nazrin Shah said yesterday.

He said they must acknowledge that what has worked in the past is unlikely to work in the future.

"To keep Malaysia internationally competitive, the country needs to take a big step up the technological ladder by moving into high-technology and knowledge-intensive industries," he said when launching a book titled *Malaysia: From Kampung to Twin Towers - 50 Years of Economic and Social Development* at Carcosa Seri Negara.

Raja Nazrin said future growth would have to come from productivity gains and technological breakthroughs.

"To do so, it will require the country to vastly improve its human capital base by investing on training and education as well as promoting research and development," he said.

"Incentives can hugely influence the shaping of market behaviour by creating the right incentive for efficient market behaviour and people will respond accordingly.

"For the growth to be sustainable, these incentives must be embodied in institutions. The ability to provide appropriate institutional environment for markets to flourish and operate efficiently is essential to sustainable development."

Raja Nazrin said countries that have failed in this respect have experienced stagnation or falling incomes and persistent poverty.

Supporting institutions should include protection of property rights, strong legal system, independent judiciary and environmental protection.

"There must also be incentives for government to provide good governance through mechanism such as separation of powers, avenues for public to monitor public behaviour and rules that inhibit corruption," he said.

"They all contribute towards effective and efficient functioning of a modern economy."

In certain important aspects, Raja Nazrin said, Malaysia was the most suitable model for other developing nations in economic performance than the East Asian tiger economies, namely South Korea, Taiwan, Hongkong and Singapore.

"Malaysia is a resource-rich country in contrast to the East Asian tiger economies that are resource poor," he said.

"Malaysia remains one of the few countries that have managed to transform its rich natural resource base into sustainable development.

"Within 50 years, the economy has undergone significant structural transformation, from heavily dependent on primary commodity exports to one that is more broad-based.

"Gaining a better understanding on how this was achieved is relevant to policymakers in other countries."

Some 150 guests attended the launch of the book authored by Datuk Dr Richard Leete, United Nations Resident Coordinator for Malaysia. - Bernama