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MALAYSIA'S growth trajectory faces many challenges. There are complex business regulations and a poor investment climate; there is also a lack of private investment dynamism; besides slow productivity growth and capital efficiency.

Add to this the low level of technology adoption, lack of innovation and technological advancement; shortage of talent and skilled manpower - and we have real issues to overcome.

Then, there is the high dependence on low-skilled foreign workers; corruption; income inequality and regional growth disparity.

External pressures are also getting more complex, with greater competitiveness, geo-economic issues, economic security, and environmental and climate change.

Faced with all these, the country needs a reset to face the shocks and seize new opportunities.

The "Madani Economy: Empowering the people" framework navigates the economic development path (mission, execution, and targets) we want over a 10-year period to rebuild a Better Malaysia that is sustainable, competitive, and resilient.

The re-engineering will be anchored on the Madani values (Sustainability, Care & Compassion, Respect, Innovation, Prosperity, and Trust).

The framework consists of two pillars - Raise the Ceiling and Raise the Floor.

The first pillar is aimed at restructuring and elevating the economy through greater regionalisation and enhancing competitiveness, driving foreign and domestic direct investments, digitalisation, sustainable green investment as well as moving

Madani way to a better Malaysia



making radical reforms. The transition requires systemic changes, reforms of state intervention to facilitate private sector growth, radical welfare reforms and well-being policies, competitive and high-quality taxation measures and awareness of climate change, ecosystem degradation and pollution.

Towards this end, public sector and fiscal reforms are needed to rebuild the fiscal buffers. We need to broaden the revenue base (tax revenue at 12% of total GDP), re-prioritise non-critical expenditures, contain high public debt (more than 60% of GDP) and introduce targeted subsidy.

We need to plug leakages and strengthen public delivery efficiency, along with better tracking of fiscal programmes and spending.

Political rhetoric is one thing, but realism is another. Any such rhetoric by the government needs to be carefully weighed against the budget deficit and ballooning debt sustainability. This is because fiscally unsustainable measures will only undermine investors' confidence in the country's public finance.

The rollout of the National Energy Transition Roadmap (Part 1) has identified 10 flagship catalyst projects and initiatives (with an estimated investment of more than RM25bil and 23,000 job opportunities) to accelerate the pace of energy transition.

The New Industrial Master Plan

up the value chain.

The second pillar encompasses inclusive growth, quality jobs and higher wages and equality of opportunities for all vulnerable households, regardless of race and geography.

This is a call to action to move the agenda forward; to shed light on the future we face, the future we want and what we have to do to get there.

The initiatives and strategies for addressing the problems must be formulated in a coherent way, with macroeconomic policies and constructive policy proposals. The reshaping of the Malaysian economy is a continuous process. We know what went wrong and what needs to change.

We will have to endure painful transition costs and adjustments when

(NIMP) 2030, which will be launched in August, will map out a comprehensive industrial direction to prepare Malaysia for new catalytic sectors and industries. It is a mission-based approach to drive the manufacturing industry transformation in four ways - advancing economic complexity tech-up for a digitally vibrant nation, pushing for net zero, and safeguarding economic security and inclusivity.

While we have the elements (diversity strengths, strategic location in Asia, and diversified economic sectors with strong industrial base) to build on and make Malaysia great, strong political conviction is needed with all stakeholders committed towards a total national reset.

If we continue to implement half-baked reforms, Malaysia will continue to regress and achieve sub-par economic growth, and continue to lag behind regional peers.

Can the country rise to these challenges and restore its economic vibrancy? Radical changes are needed to build a competitive nation, and a more just, equitable, sustainable, and resilient future.

This requires fundamental behavioural and mindset shifts, including rethinking everything from the role of the state, growth dimension, resources efficiency, as well as upholding justice and ensuring equitability.

Attempts to promote reforms are always politically hazardous, especially when the likely losers are politically influential. Often, political interests override economic considerations, so any push for economic and market reforms must come from within.

The government must regain credibility and the trust of businesses and investors to take Malaysia to Malaysians - building a resilient economy, fixing the middle-income trap, raising household income, reskilling and future-proofing our manpower, providing quality and affordable core services (housing, healthcare, education), as well as making our community safer, inclusive and equitable for all.