

**Speech text of Youth Economic Forum 2021**

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**SPEECH TEXT**  
**YAB TAN SRI DATO' HAJI MUHYIDDIN BIN HAJI MOHD**  
**YASSIN**  
**PRIME MINISTER OF MALAYSIA**  
**YOUTH ECONOMIC FORUM 2021**

YB Dato Sri' Reezal Merican Naina Merican,

Perdana Fellow Alumni Association ("PFAA") Advisor and Minister of

Youth and Sports,

Distinguished guests,

Ladies and gentlemen.

1. Alhamdulillah, Praise be to Allah, that we can all virtually gather here today at the Youth Economic Forum organised by Perdana Fellows Alumni Association (“PFAA”) in its fifth instalment. Thank you for inviting me to speak here. PFAA is a prestigious internship programme that is close to my heart, as it has allowed me to work directly with many young bright Malaysians since its inception.

2. The theme for this year’s Youth Economic Forum is “A Brave New World”, fittingly captures the situation that we are facing. Last year, COVID-19 engulfed one nation after another like wildfire and grew into the worst pandemic in this millennium, claiming more than two million lives thus far.

3. The global tectonic impact from the COVID-19 pandemic has caused the overall Malaysian economy to contract by 5.6 percent in 2020, our worst since the 1998 Asian Financial Crisis (“AFC”). However, as a result of proactive intervention, the unemployment rate has also tapered down from a high 5.3 per cent in mid-2020 to 4.8 per cent by end 2020. Subsequently, international bodies such as the World Bank and the International Monetary Fund have revised upwards real GDP growth projections for Malaysia in 2021 up to 6.7 and 7 per cent, respectively.

Ladies and gentlemen,

4. While in general, Malaysians have been enjoying a better standard of living as reflected in higher median household income, there has been a further widening of the income gap between various classes and geographies. This in turn has made some sections, extremely vulnerable to external economic shock.

5. To cushion the blow on the disadvantaged last year, the PRIHATIN Rakyat Government unleashed an unprecedented RM305 billion in fiscal firepower or more than 20 percent of our country's Gross Domestic Product ("GDP") in various stimulus packages. These fiscal measures are meant to shield the vulnerable people and support the businesses – and come in many forms and sizes including cash aids, wage subsidies, liquidity assistance via moratoriums and soft loans, amongst others.

6. With hindsight now, the pandemic feels like a three-dimensional CT Scan on a patient, beamed into cross section of communities to diagnose existing socio-economic cracks within our society. Though the pandemic has amplified the fractures, the ongoing crises can present opportunities, particularly if traditional approaches and paradigms are questioned and challenged. Crises can get the collective adrenaline flowing, focusing minds to solve the long-standing global issues at hand for a Great Reset.

## **Resetting The Society**

Ladies and gentlemen,

7. If anything, the pandemic has shown us beyond the health sphere that “no man is an island”; that economically none of us is safe until all of us are safe. We must rebuild the social mobility ladder that allows everyone hardworking and entrepreneurial enough to climb up. It means that where you end up in life relative to others, does not depend on where you start. As many societies are seeing now, once that ladder is broken, the political economy begins to unravel, and people will be frustrated. To tackle inequality on any lasting basis, attention should be given to address unequal opportunities, not just unequal outcomes.

8. To this end, we believe that early intervention via life-long learning, better early education and greater digital accessibility will help close the gap and provide equal opportunities over the long-run. Hence for starters, to promote lifelong learning and upgrading, Malaysia has allocated nearly RM3 billion for upskilling and reskilling current talent since last year. Furthermore, Malaysia plans to provide 150,000 low income students with laptops through private sector sponsorship, together with free limited data package. Meanwhile, fiberisation over the next five years under the RM21 billion National Digital Network (JENDELA) plan will provide greater last mile connectivity in schools across rural and remote areas. But more needs to be done.

9. These collective efforts to promote social mobility in turn, will help create a stronger economic growth. This link of social mobility and economic growth was earlier outlined by Organisation for Economic Co-operation and Development (“OECD”) in its “Going for Growth” report in

2010. It is clear now with hindsight, a global economic recovery can only be sustainable when we make it equitable for all. In this regard, the government has introduced the Shared Prosperity Vision (WKB 2030) as a continuation of the 2020 Vision. The main goal of WKB 2030 is for Malaysians as a whole to achieve a decent standard of living by 2030. The three main objectives of WKB 2030 is to ensure development for all, address the wealth and income gap, and achieve the aspirations of a united, prosperous and dignified nation.

## **Recalibrating The Economy**

Ladies and gentlemen,

10. In the decade before the AFC, Malaysia's cumulative annual GDP growth was 8.4 percent annually, and this has fallen to 4.6 percent in the following two decades since then. With productivity growth now stagnant, annual per-capita income has stalled at about USD10,000 for nearly a decade, suggesting Malaysia is snared in the middle-income trap.

11. The relatively slower GDP growth, seems to mirror the fall in the exports-to-GDP ratio. This decline in exports growth coincided with the fall of the manufacturing sector contribution to overall GDP, which peaked soon after the AFC at just over 30 percent and tapering to about 21 percent in 2019. These are symptoms described by Harvard economist Dani Rodrik as "premature deindustrialisation". To this end, the government is

recalibrating its industrial policies and foreign investment strategy to turbo-charge its economy once again.

12. The litmus test for Malaysia to break out of the middle income trap, are;

i. Firstly, Malaysia needs to transform into global exporting player. Countries historically grew rich by learning to produce new, higher-value products to export. Hence entrepreneurs with global ambitions will be critical to drive growth.

ii. Secondly, Malaysia needs to grow our manufacturing capabilities to make increasingly complex and sophisticated products. Based on the Economic Complexity Index, even a one standard deviation increase, can elevate GDP growth in Malaysia by between 0.7 percent and 1.6 percent a year.

iii. Thirdly, Malaysia needs to create its own home bred Multi-National Companies (“MNCs”), as the pay-off for economic growth is very high. For example, it is reported that global giants Samsung and Hyundai collectively at one-point drive 30 percent of South Korean GDP.

13. In a nutshell, Malaysia needs to pursue a “moon-shot” approach; in which the objective is to create competitive domestic firms in frontier technologies. This is where the young intelligent participants of this Forum plays a critical role. Malaysia needs all of you to be the boldest of the generations that our country has ever seen, and build the next generation of

innovative enterprises. The start-ups you build today, could and should be the next Amazon. Or Apple. Or Tesla. As the Malaysians founders behind existing and potential unicorns like Grab and Aerodyne will testify, it is really up to you to show the world what Malaysians can achieve!

## **Refining the Malaysian Dream**

Ladies and gentlemen,

14. As the Prime Minister, I pledge that my government will stand with those whose lives have been turned upside down, for as long as it takes, for the affected Rakyat to recover and rebuild. However, we cannot solve the challenges of our time, unless we solve them together, and knowing that we have different roles but share the same dreams.

15. The youth here at the Forum is not going to inherit the same world as me or even my forefathers did. It will be a more arduous one with the lurking pandemics in the future and the ticking time bomb of adverse climate change. This could be your generational challenge; to restore the door of opportunity to the Malaysian dream of prosperity, inclusivity and sustainability. That is both your privilege and your burden.

16. This means a re-definition of our economic success, not simply by the number of billionaires we produce, but how we expand wealth, growth, and opportunity for all Malaysians. You must help make “A Brave New World” a reality, where everything is possible with imagination, risk-taking and hard work. I hope that this Forum will provide the way forward. It starts with keeping the intent that every generation of Malaysians should make with the next; that we will pass the baton and give the young, a Malaysia much better than the one we received.

17. May God Almighty bless us on our efforts and with “Bismillahirrahmanirrahim” – In the Name of Allah, the Most Righteous, Most Merciful, I declare the Youth Economic Forum 2021, officially open. Thank you.

Wabillahi taufik wal hidayah, Assalamualaikum warahmatullahi wabarakatuh.

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