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'Malaysia needs fresh comprehensive framework'

'MALAYSIA NEEDS FRESH, COMPREHENSIVE FRAMEWORK'

Paradigm shift essential to stimulate economy, says Anwar

ADIB POVERA
AND ASILA JALIL
KUALA LUMPUR
news@nst.com.my

MALAYSIA needs a "fresh and comprehensive" framework to stimulate its economy as the country had been experiencing a significant decline in its average economic growth due to the adverse impact of the 1997-1998 Asian financial crisis.

Prime Minister Datuk Seri Anwar Ibrahim said while the country benefited from the rapid development in the 1960s where it recorded above seven per cent in economic growth annually, the financial crisis that gripped many Southeast Asian nations, from which Malaysia was not spared, had widened the gap between economic growth and the people's income.

He said the situation was compounded by lofty promises made by leaders during the previous administrations and the adverse economic impact brought about by the Covid-19 pandemic.

"Two decades before and after 1998 witnessed a significant decline in average economic growth.

"Investment figures dropped compared with the percentage of gross domestic product (GDP).

"New economic resources that could boost growth did not emerge prominently as the economy still focused on domestic activities without fully capitalising on global market opportunities.

"The trading sector constituted only a small portion of the economy, with growth more reliant on household and government spending.

"The fact is that we are caught in a vicious cycle of high costs, low wages, low profits and a lack of competitiveness," he said at the unveiling of the "Madani Economy: Empowering the People" framework.

Anwar added that since 1998, the country had been experiencing a deficit on its national budget.

He said with the country's debt figure expected to reach more than 60 per cent of its GDP this year, the situation would severely impact the national economy.

"The country is burdened with swelling debt, and 16 per cent of the national income is allocated just to servicing debt.

"It is feared that this situation will limit our ability to focus on development that guarantees the wellbeing of the people, including public investment and the growth of economic capabilities."

Anwar, who is also finance minister, took a thinly veiled dig at former prime minister Tun Dr Mahathir Mohamad when he said the aspirations of Vision 2020 and previous lofty promises were not achieved and fulfilled.

"Taking into account the fractures in the economic structure, coupled with weaknesses in governance and the privilege of the government elite, it demands that we make meaningful changes or shifts.

"It is deeply regrettable if there are people who wish to defend corrupt practices and failed policies that have led the country to slide downwards or almost collapse.

"I urge all colleagues, political leaders, entrepreneurs, civil servants, workers and the rakyat to be more honest and courageous in accepting this new reality.

"We need a comprehensive and fresh economic framework. We need a new economic paradigm."