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EKONOMI MADANI: Empowering the people and the nation

EKONOMI MADANI: EMPOWERING

Prime Minister Datuk Seri Anwar Ibrahim, when launching the Ekonomi Madani: Memperkasakan Rakyat initiative on July 27, highlighted two primary objectives:

- > To restructure the economy and restore Malaysia's leading economic position in Asia, and to improve the people's quality of life through economic growth.
- > To promote investment, strengthen local industries to become more innovative and competitive, and to enter the global market.

In this interview, economist **Dr NUNGSARI AHMAD RADHI** elaborates on the concept of Ekonomi Madani and how it aims to empower the people and the nation.



Ekonomi Madani is not just about revitalising the country's economy but also generating growth that enhances the well-being of the people and the competitiveness of the nation.

What is Ekonomi Madani: Memperkasakan Rakyat and what benefits can it bring to the common people?

First of all, we need to understand what Ekonomi Madani means. Ekonomi Madani is based on the philosophy that economic development and growth is caused by social factors, values and societal norms. Therefore, economic development concepts and policies should be grounded in societal factors, specifically the values advocated by Malaysia Madani.

Ekonomi Madani emphasises values, development and monitoring of institutions in society – both societal and economic institutions. This emphasis on societal values is also aligned with the founding principles of Malaysia, as envisioned by the late Tunku Abdul Rahman Putra and enshrined in the Constitution. Lessons have been learned from past policies that aimed to develop Malaysia but failed to achieve their desired goals, from Vision 2020 to the New Economic Model – purely quantitative growth targets that not only failed to be achieved, but the growth attained was also not equitably distributed.

Therefore, we must ask what is the fundamental goal of Ekonomi Madani? Recognising that the country's economy is on a slow trajectory, with diminishing growth rates, worsening income/wealth inequality, and weakened economic competitiveness to attract investors, the framework of Ekonomi Madani aims to reform and transition to a better trajectory.

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also generating growth that enhances the well-being of the people and the competitiveness of the nation.

The framework of Ekonomi Madani involves rebuilding the "House of Malaysia" by strengthening its foundation, raising its floor, increasing its ceiling and developing its pillars.

The foundation is governance and monitoring. The floor provides social safety nets to the entire population. The ceiling is to generate growth and national competitiveness. The pillars are the drivers of the House of Malaysia – the public sector, private sector and the third sector which is voluntary (non-profit) and trust-based endeavours.

Some economists argue that Ekonomi Madani doesn't differ significantly from the New Economic Model (NEM) introduced during the tenure of former prime minister Datuk Seri Najib Razak, and both have not benefited the common people. Is this view valid and, if not, how is Ekonomi Madani's approach different from the New Economic Model?

I don't want to respond to claims that Department of Statistics Malaysia (DOSM) data is used as a basis for creating Ekonomi Madani. What we dispute is the assertion that Ekonomi Madani is the same as the NEM.

The NEM was not based on societal and cultural aspects. It was also not implemented correctly. Najib implemented the Economic Transformation Programme (ETP) which focused on projects, not the NEM. Malaysians are accustomed to

hearing every year that the country's economy, or gross domestic product (GDP), is growing. However, its benefits are not felt by people facing daily life challenges. The reason for this lies in the fact that growth is not distributed equitably. It's slow and unevenly distributed. These are among the premises of Ekonomi Madani that I explained earlier.

If we observe the economic activities driving growth, we see several features explaining the generally low wages and imbalanced benefits.

Firstly, the economy is still reliant on activities like agriculture and commodity sectors – remnants of a colonial legacy that rely on minimal capital, technology, vast land and abundant labour. This leads to low wages for labour.

Manufacturing sectors largely involve assembly with low value added. Thus, wages remain low. The construction sector also employs low technology and pays low wages. Moreover, the influx of low-skilled foreign workers further suppresses wages.

The service sector in Malaysia, except for tourism, is mostly dependent on domestic demand. Domestic markets have low income levels and purchasing power. This creates a cycle whereby our economy becomes increasingly domestic-focused, relying on low-income and low-wage domestic demand.

Until we change this structure, enhance national competitiveness, increase the presence of Malaysian companies in international markets and expand foreign trade, Malaysia cannot transition to a new trajectory

that benefits the nation and its people.

Another significant issue faced by the people is the rising cost of food. Despite the government's announcements of controlled inflation after a change in leadership, the prices of basic goods and food continue to rise. What can the government do to alleviate the cost of living for the people?

Inflation is driven by various factors. Firstly, it's a global phenomenon caused by the Russia-Ukraine conflict that disrupted global food trade, and sudden interest rate hikes in the United States. This strengthened the US dollar against other currencies, including the ringgit. As a result, all imported goods/services became more expensive.

Given Malaysia's significant food imports, food prices are reducing, prices had already risen in the past.

To control inflation, the government has acted prudently to ensure market confidence in the nation's future. Measures include improved financial management and the comprehensive framework of Ekonomi Madani. Without these actions, investors may withdraw funds and not invest in Malaysia, weakening the ringgit further.

Additionally, the government still directly controls the price ceiling of essential goods, and subsidies are ongoing. Furthermore, targeted groups receive cash assistance to mitigate loss of purchasing power due to inflation.

Ultimately, the government must manage the economy to generate meaningful growth.