

KERATAN AKHBAR

TARIKH : 31 JULAI 2023
AKHBAR : NEW STRAITS TIMES
MUKA SURAT : 22

Becoming first world nation



SAMIRUL
ARIFF
OTHMAN

ECONOMIC DEVELOPMENT

BECOMING FIRST WORLD NATION

FEW countries have managed to match Malaysia's feat of transforming herself from a sleepy British colonial outpost to a roaring Asian Tiger within a few decades. She is arguably one of the case studies of poverty eradication and wealth redistribution.

Malaysia is currently classified as an upper-middle income nation with a highly open economy.

It is no coincidence that Malaysia was one of 13 countries identified by the Commission on Growth and Development of the World Bank to have recorded an average growth of more than seven per cent per year for 25 years or more in its 2008 Growth Report.

The World Bank was unequivocal in their assessment of Malaysia. According to them, economic growth was inclusive, as Malaysia also almost succeeded in eradicating hardcore poverty — the share of households living below the national poverty line fell from more than 50 per cent in the 1960s to approximately five per cent currently.

On the road towards achieving Madani Economic Narrative (MEN) in less than 10 years that would see Malaysia transform to become a high-income and fully developed nation, we now re-

fect our previous achievements in the 10th and 11th Malaysia Plan (10MP and 11MP) while trying to realise the promises of the 12th Malaysia Plan (12MP).

Broadly, the aims and goals of MEN are propositioned to make Malaysia more competitive globally and regionally, especially with the setting up of the Asean Economic Community.

While it is anticipated that fulfilling the World Bank's definition of a high-income economy based on gross national income per capita will not be an issue, however, can historical performance predict future performance?

When it comes to projecting future growth, economic modelling can offer only so much guidance. These models predict future economic outputs on the basis of projected future levels of economic inputs, but future economic inputs are impossible to predict.

In the end, there is little to do but extrapolate from current inputs. But inputs, as well as other key features of any economy, change over time.

Malaysia's economy has transformed rapidly, but at some point in the future, high growth rates might level out and economic growth might decelerate before

reaching a steady-state phase.

Fortunately, Malaysia is located in an economically dynamic region, as Asean has emerged centre stage in the global economy and has been recognised as one of the most dynamic regions in the world.

However, looking inwards, an introspection will reveal that there are regional disparities. Philosophically, we can argue that some regions are at a disadvantage due to geographical reasons and historical legacy.

Have we done enough to correct these imbalances? Make no mistake that national integration would be a futile endeavour should there exist glaring disparity.

What the statistics tell us is that while some states will definitely achieve developed status and enjoy a high-income economy within the set time frame, others will take a much longer time. These states need assistance to help them develop at a faster pace. All of these bear implications for economic development policies both at the federal and state levels.

Malaysia is more blessed than other countries in terms of its development potential. We have a favourable resource base because our land area relative to

population is supportive.

Geographically, we are situated safe from frequent natural disasters like earthquakes and typhoons.

We have a multicultural population with the diversity that facilitates the absorption of the best values from each community.

We have the legacy of a colonial administration from the British with their high sense of law and order.

We are situated in a region where our neighbours are progressive minded, an attitude of mind which transcends boundaries, and gives energy to our development.

In the final analysis, if we were to achieve regional economic integration in Asean, we must first put our house in order. There should be seamless connectivity underpinned by strong institutions in Malaysia.

The writer is a widely quoted economist and international relations expert. He was previously attached to a leading local think tank and has been engaged as a consultant for government agencies and international institutions. The opinions expressed in this article are his personal views.

In the final analysis, if we were to achieve regional economic integration in Asean, we must first put our house in order.