

Stronger social protection plans needed now

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by **HARIZAH KAMEL** / Pic by **MUHD AMIN NAHARUL**

MALAYSIAN Economic Association president Prof Datuk Norma Mansor said stronger social protection should be the way forward for the country.

She noted that Malaysia is reluctant to introduce a more systematic and holistic type of social protection.

“We are afraid that we will be considered a welfare state and yet almost all developed nations including South Korea, Japan and now China are protecting their people better. With social protection, it is not about finance but political will,” she said during a plenary session titled “The New Paradigms for Business & The Malaysian Economy” at the Perdana Leadership Foundation CEO Forum 2021 yesterday.

There is a need for a [social protection floor to be introduced now](#), economists told *The Malaysian Reserve* previously, amid concerns that up to 46% of the Employees Provident Fund members have less than RM10,000 in their accounts.

Economist Dr Nungsari Ahmad Radhi warned that the lack of pension and retirement fund adequacy is a time bomb, if not properly managed given a changing demographics.

Rapid ageing poses a challenge to Malaysia's socio-economic policies, including those related to the labour market, income security post-working age, as well as health and old-age care.

Meanwhile, Khazanah Research Institute research advisor Prof Jomo Kwame Sundaram said poor understanding of what is economically important in Malaysia is causing major problems and part of this misperception derives from the availability, use and interpretation of economic statistics.

"The commanding heights of Malaysia's economy are still heavily foreign dominated, if not influenced, which has very important consequences.

"For example, in Malaysia, we pretend as if it is Malaysians who are building the economy almost alone when in fact, the labour force is close to one third foreign," he said. Jomo said we have a very poor understanding of statistics of foreign workers that are not included in the national statistics. He cited the vaccination programme as an example.

"If we do not vaccinate them, how effective are our vaccination programmes? I think we really have to come to terms with all this because it fundamentally affects our understanding of productivity," he said.

Furthermore, he said relatively less attention is given to the small and medium enterprises (SMEs) which has very important consequences citing "because it is precisely there (SMEs) that the most interesting and new Malaysian capabilities are imported".

When asked if the world economy is enough to return to normalcy and should nations push hard to renew policies towards more sustainable outcomes with respect to disparities and climate change, Zeta Advisory EC Tan Sri Dr Lin See Yan believes that the world economy is beginning to slow down as it is already reaching its potential.

"What is important for us is that the world's growth is actually concentrated in Asia — four of the five largest economies in the world are in Asia. Rather than look at the world economy, it is important that we look at what we have regionally in Asia and take advantage of that," he said.

He noted that China in particular is working very closely with Vietnam which resulted in the latter taking over Malaysia.

"If you look at the 12th Malaysia Plan, everything is beautifully drafted but where are the policies supporting those programmes?" he queried.