TOWARDS TN50: IMPORTANCE OF DATA

Johan Mahmood Merican
Deputy Director General (Human Capital), EPU & Head of TN50 Unit
Developing TN50 strategy: Combining bottom up & top down

**Malaysia Today**
Successful Upper Middle Income Nation

**Malaysia 2050**
Top 20 nation & Global leader

**TN50 Strategy:**
- Shape trends for Malaysia
- Integrated strategies across themes & sectors
- Pivot existing strengths & refocus resources to new growth opportunities

**TOP DOWN GUIDANCE**
Opportunities from Megatrends

**BOTTOM UP ENGAGEMENT**
Aspirations & Ideas from Rakyat

Malaysia’s success today contributed by **long term developmental planning**. TN50 represents **continuity to Malaysia’s tradition** of long term plans & vision.
To chart our journey towards 2050, we need to:

• **Take stock** our achievements & where we are today,
• **Translate our aspirations** for the future into **goals** &
• **Strategise** based on emerging global **megatrends**

Each of these steps, needs to be **anchored on data**
Past Goals, Achievements Today & Remaining Challenges

Goals of Past Plans

New Economic Policy
National unity through:
- **Eradication of poverty** irrespective of race
- **Restructuring of society**: Eliminate identification of race with economic function

Vision 2020
Developed nation in our own mould, achieving:
- **High income economy**
- **9 Strategic Challenges**

Achievements Today

Absolute Poverty eliminated
Poverty Rate in Malaysia:
1970: 49.3% to 2016: 0.4%

Reduced income inequality
Gini coefficient on income:
1970: 0.513 to 2016: 0.399

Inter-racial differences reduced
Chinese:Malay per capita income ratio
1970: 2.29 ; 2005: 1.64 ; 2016: 1.36
Bumi equity 1970: 2% to 2010: 23%

Malaysia globally competitive
Top 25 ranking in WEF Competitiveness & World Bank Doing Business rankings

Upper Middle Income nation
Strong progress towards high income
2014: only 16.5% gap to GNI threshold (subsequently RM weakened to widen gap)

Remaining Challenges

Relative Poverty
RMKe-11 shift focus to B40 households,
B40 share of income only up from
1970: 11.5% to 2016: 16.4%

Wealth inequality remains high
Gini on EPF savings 0.658; ASB 0.836
CoE as %GDP improved to 2016: 35.3%
But below peers: Spore 43%, Korea 45%
Intra racial inequality higher than inter.
Towards ‘equality of opportunity’, for affirmative action be more needs based

Social wellbeing has lagged economic
On Msia wellbeing index (2000: 100),
- 2015 Economic Wellbeing: 132
- 2015 Social Wellbeing: 118

9 challenges remain relevant for future
particularly, Bangsa Malaysia & society that is moral, tolerant, caring & just
TN50 bottom up engagement & Rakyat’s aspirations for future

Bottom-up approach to TN50 Engagement as no longer does Government know best

Key emerging themes from rakyat aspirations

**Quality of Life**
- At an individual or family level, Malaysians aspire to live a comfortable lifestyle
- Key ingredients include income to afford lifestyle, job security, crime free, affordable housing, health & quality education

**Sustainable & Just**
- At a society level, Malaysians aspire for a sustainable & inclusive society
- Malaysians especially youth, value a ‘green’ future, preserving our environment
- Many aspire for inclusiveness of opportunities & balanced development e.g. Urban vs Rural

**Malaysian Identity**
- At a country level, Malaysians take pride in the nation succeeding at a global level
- However, articulated that this should not be at the expense of our values & identity
- All aspire for unity, in celebration of diversity

- More than 1.8 million Malaysians engaged of different segments to society
- More than 80,000 aspirations collated
- Engagement channels include dialogue, townhalls, surveys & social media
- Engagements led by YAB PM, YAB DPM, Ministers, KSN & various public & private sector leaders

Challenge to translate rakyat’s aspirations to targets
TN50 public policy to take into account megatrends

Megatrends are rapidly changing the world we live in.....

**Urbanisation**
- 80% urbanisation of world by 2030
- Cities will be densely populated & rise of more mega cities (> 10 million population)
- Urbanisation & industrialisation linked, future global competition more intense between cities than between nations

**Ageing Society**
- Population of over 60 years and above will exceed the youth globally
- Fertility rates declining globally
- Leading economies like China, Japan, Germany projected for labor force to shrink between 15-30% between 2010 - 2050

**Digitalisation**
- Rapid deployment of new technology (time for adoption by 50m users: telephone 75 years, TV 13 years, Facebook only 1 year)
- Jobs of the future & AI may lead to loss of employment if people are not equipped with the necessary skills (study estimated 47% of US jobs automatable in 20 years)

Implications for Malaysia & strategies going forward.....

- Malaysia follows *urbanisation trend*: 1970:26.8%; 2016: 75%; 2050: 90% ?
- Rebalancing of rural vs. urban resources ?
- Need to invest in *urban infrastructure* (e.g. transportation, internet, utilities) to ensure Malaysia’s cities globally competitive (World Bank’s agglomeration & 3-D framework)
- While Malaysia’s population grows (2017:32m to 2050:42m), those *65 & older will rise* from 5% to >15% with implications on healthcare, social safety net, retirement savings, etc.
- Past strong economic growth fueled by Malaysia’s ‘population dividend’. Slower labour force growth requires greater focus on *productivity led economic growth*
- Critical for Malaysia to embrace *digital revolution* to remain globally competitive
- Transformation of education critical, including ability to *re-skill workers into new jobs*
Megatrends are rapidly changing the world we live in.....

**Resource Scarcity**
- Overpopulation will lead to greater focus on energy, food and water security
- Sustainability increasingly essential focus for consumer demand, waste management

**Geopolitical Shift**
- Rapid growth of the emerging market creates a new world order by 2050
- Asian economies will form 50% of the world's GDP in 2050

**Societal Change**
- Rise in extremism & terrorism
- Tensions between globalisation with tendencies towards nationalist protectionism
- Economic empowerment and diversity in the workforce

Implications for Malaysia & strategies going forward.....

- Meeting Malaysia’s carbon emission reduction commitments
- **Embracing recycling** – particularly food & waste management?
- Need for sustainability & security to require change in energy mix from coal to gas?
- Safeguarding Malaysia’s water sources & forest cover?
- To continue to leverage on Malaysia’s geopolitical linkages with Asia, particularly China, India, ASEAN and Middle East for trade & investment
- Position Malaysia as regional services hub?
  - Requiring emphasis on multi language skills
- **Transforming national security** to be able to meet threats from terror groups & extremists
- Against protectionism, need stronger regional integration & strengthen economic security
- Continue leverage on diversity of workforce by race, gender, age & differently abled
Conclusion: TN50 & Data

• YAB Prime Minister has articulated TN50 ambition to emerge Top 20 nation

• Towards Malaysia’s ambitions for 2050, we want measurable goals & milestones

• Developing the TN50 strategy will need to be anchored on data – particularly in assessing what we have achieved, quantifying our targets & strategising for Malaysia based on our domestic strengths & global developments