

# TACKLING HARDCORE POVERTY AND IMPROVING LIVELIHOODS

STARPICKS

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The Government is prioritising the eradication of hardcore poverty and improving livelihoods for all Malaysians, alongside reviving and ensuring the sustainability of the economy, said Mustapa.

THE Covid-19 pandemic, mainly due to its variants in the form of Delta and Omicron, has derailed almost all economic projections and positive momentums globally for 2021, despite it being dubbed the year of recovery.

The Government, or any government for that matter, has the unenviable burden of steering the economy back on its tracks, especially during a crisis that just does not seem to budge.

Being a household name and a senior figure in Malaysian politics and public administration, Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed thought he had seen it all when it comes to economic crises, until Covid-19 hit, which he described as a health crisis turned into a full-blown economic crisis.

Fondly known as Tok Pa, the seasoned politician and minister has just hit his 100-day milestone in Prime Minister Datuk Seri Ismail Sabri Yaakob's Cabinet, where key targets were implemented.

On Dec 9, Ismail announced that the overall performance of the Cabinet in its 100-day report card stood at 90%.

A total of 31 ministries and five agencies under the Prime Minister's Department were required to achieve their targets, based on evaluation on performance, leadership and public perception.

The 100-day performance was monitored jointly by the Office of the Chief Secretary to the Government, the Malaysian Administrative Modernisation and Management Planning Unit (Mampu) and Shared Prosperity Delivery Unit (Sepadu) between Sept 1 and Dec 9.

Tok Pa speaks to The Star in an email interview about his 100-day report card and the Government's efforts in reviving and ensuring the sustainability of the economy and its commitment in eradicating poverty in Malaysia.

**Q: Congratulations on hitting your 100-day milestone in office under the Datuk Seri Ismail Sabri Yaakob Cabinet.**

**How has it been so far?**

**Can you share with us what were your achievements and overall performance throughout the period?**

A: Thank you for your kind words.

Many Malaysians are grateful that Cabinet ministers have met the Prime Minister's expectations in achieving 90% of the 100-day key performance indicators.

Of course we have people who disagree with this assessment, but I believe they are in the minority.

The Government is rightly judged by how well we protect lives from Covid-19 and how we create the necessary conditions for economic recovery.

The 100-day Aspirasi Keluarga Malaysia programme is an important initiative by our Prime Minister.

The 100-day report cards have kept all us Cabinet ministers on our toes, to ensure we do a good job in helping the rakyat in this very difficult period.

Of the many policy initiatives I led at the Economic Planning Unit (EPU), the most important to me was the formulation of new strategies to eradicate hardcore poverty.

We will be putting in place a more effective and holistic approach to eradicating hardcore poverty.

Three months ago, I set up the Poverty Circle, which is a round table discussion group between the Government, civil society organisations, corporate bodies, academicians and prominent individuals to share best practices in dealing with poverty. Thus far, six Poverty Circle sessions have been conducted.

The goal is to convert all the inputs obtained from the Poverty Circle into a national poverty policy.

Besides a more holistic approach to eradicating hardcore poverty, my 100-day achievements include consolidating the implementation of the Fel'da Recovery Plan and the finalisation of a robust monitoring mechanism to ensure that the 12th Malaysia Plan's (12MP) targets are achieved.

Of course, this is just the beginning. It is not possible to do everything in 100 days.

We will continue to work hard on our medium- and long-term KPIs to ensure that economic recovery gathers greater momentum and that Malaysia achieves high-income nation status by 2025.

**As a seasoned minister, Datuk Seri, how different and challenging has it been as a minister during this time of unprecedented challenges to the economy, as compared to your years of experience in the Government and during the Asian Financial Crisis (AFC) and Global Financial Crisis (GFC)?**

A lot has changed since I first became a Cabinet Minister in 1995.

Today, the world is more dynamic with social media playing a big role in shaping public opinion. Malaysian politics is a lot more complicated.

These days, everything is unpredictable.

Back in the 90s, which some of us 'old hands' call the good old days, running a country or a ministry was a lot easier.

Even during the most challenging period during that time, the '97-98 AFC, we had a strong Government and a stable geopolitical environment. The same may be said for the '08 GFC.

Our current situation is a lot more complicated.

What started off as a health crisis soon turned into a full-blown economic crisis as strict standard operating procedures (SOPs) were put in place with the country going through two rounds of full lockdown to help us cope with the rising number of infections.

The current crisis is unprecedented in its impact on every sector of the Malaysian economy.

It has taken eight stimulus packages along with measures in Budgets 2021 and 2022 to deal with the current crisis.

**Is the Government concerned that 600,000 families slipped from the M40 category to the B40 category or is this transitory, due to Covid-19? What are the plans to eradicate hardcore poverty?**

Yes of course, the Government is deeply concerned about every single Malaysian.

In 2020, the pandemic caused a drop in household income, with average wages falling by 9% in 2020, declining for the first time since 2010.

About 600,000 thousand families slipped into the B40 category while unemployment spiked to a high of 5.3% in May 2020.

However, a number of economic indicators point towards recovery in the fourth quarter of this year. In our view, the incomes of most households will be restored to pre-Covid-19 levels in the second half of next year.

Malaysia is a very open economy. With a trade to gross domestic product (GDP) ratio averaging over 130% over the last 10 years, we must continue to leverage on trade and investment to create quality employment for our people.

Attracting quality investments will create more higher paying jobs that pay well above the minimum wage.

By mid 2022, we will begin to implement a more focused and targeted approach to eradicate poverty. The EPU and the Implementation Coordination Unit of the Prime Minister's Department will coordinate all poverty eradication programs.

Earlier this year, President Xi Jinping declared that China has eradicated poverty. Indonesia is determined to do the same by 2024. There is no reason why we cannot eradicate hardcore poverty by 2025.

Elevating the livelihoods of the B40 has been the policy focus of the Government.

The Government understands the challenges faced by these households.

Thus, through the 12MP, entrepreneurship, creation of business opportunities and financing will be further enhanced to increase the incomes of B40 households.

Budget 2022, which comes in with a total allocation of RM332.1bil, is the largest yet for Malaysia and definitely a crucial one to revive our economy. What are your thoughts about it?

Yes, Budget 2022 was the largest in our history.

The programmes and development projects lined up must be executed efficiently, ensuring that every single ringgit and sen is spent wisely.

We had to borrow more in the last couple of years because of a shortfall in revenue collection and the need to protect lives and livelihoods. Budget 2022 was expansionary and that is the appropriate policy to pursue.

Going forward, we have to gradually consolidate our fiscal situation so that by the end of 2025, our fiscal deficit will be brought down to 3.5% compared to 6.5% this year. In the medium to long term, fiscal sustainability is important and this requires a broadening of our revenue base.

Budget 2022 is aligned to the 12MP and is anchored on three key pillars namely, strengthening recovery, building resilience and driving reforms. To this end, strengthening the economy and enhancing competitiveness is pivotal.

The private sector will have to play a more active role in Malaysia's development. To facilitate private sector growth, the Government is committed to create a more conducive environment to stimulate private investment, both domestic and foreign.

**What will the Government do to reset and re-strategise long-term growth objectives following the pandemic damage and the changes to economic developments?**

The pandemic, terrible as it is, has opened up new opportunities for the Government to pursue much needed reforms to revitalise and strengthen the Malaysian economy.

Covid-19 has revealed a number of structural issues in the Malaysian economy that must be tackled to enhance the competitiveness of the Malaysian economy.

For example, we cannot miss out on opportunities to enact labour market reforms and make progress in the development of human capital.

There is also a need to ensure that we ramp up efforts to enhance the adoption of environmental, social and governance (ESG) principles.

A number of our companies have been subjected to the Withhold Release Order by the United States authorities. As a large trading nation, the Government will have to play a more active role in encouraging our companies to adopt ESG principles.

Technical and vocational education and training (TVET) remains the best avenue to build a workforce that is equipped with the right skills to match the demands of the industry.

The Government will put in place policies to present TVET as an attractive career path for young people.

We also need to give higher priority to the development of MSMEs. In this connection, digital skills can help realise the potential of MSMEs and maximise their contribution to the economy. Currently, MSMEs only contribute 38.2% to GDP despite making up 97.2% of total business establishments.

**Malaysia's over-reliance on foreign labour and the lack of a high-skilled workforce has always been a worry for policy makers.**

The implications are immense, from stalling Malaysia's technological advancement, our transition to becoming a high income nation and also social implications.

**How do we effectively push the reset button for foreign workers in Malaysia?**

The over-dependence on foreign workers has been an issue that has plagued the nation for over 20 years.

Thus, it is imperative that we make bold decisions to tackle this. Countries such as Qatar, United Arab Emirates and Singapore all have a high proportion of foreign labour compared to the total workforce, but do not face the same issues that we do. We need a strong enforcement and tracking mechanism to keep track of foreign workers in the country to prevent the employment of illegal foreign workers.

Since the freeze in hiring foreign labour was put in place to deal with the pandemic, the number of foreign workers declined from above two million before the crisis to about 1.1 million now.

An optimal percentage of foreign workers as a share of the total workforce must be identified.

Reducing our reliance on foreign labour, creating a highly educated and skilled workforce as well as achieving high technology adoption rates are among our long-term strategies.

Although Malaysia will continue to depend on foreign workers in some occupations and sectors, we must do more to protect the welfare of all our workers, both local and foreign.

Stricter enforcement is needed to ensure that employers comply with minimum labour standards as prescribed by our laws.

This we will have to do to achieve the status high income nation status.