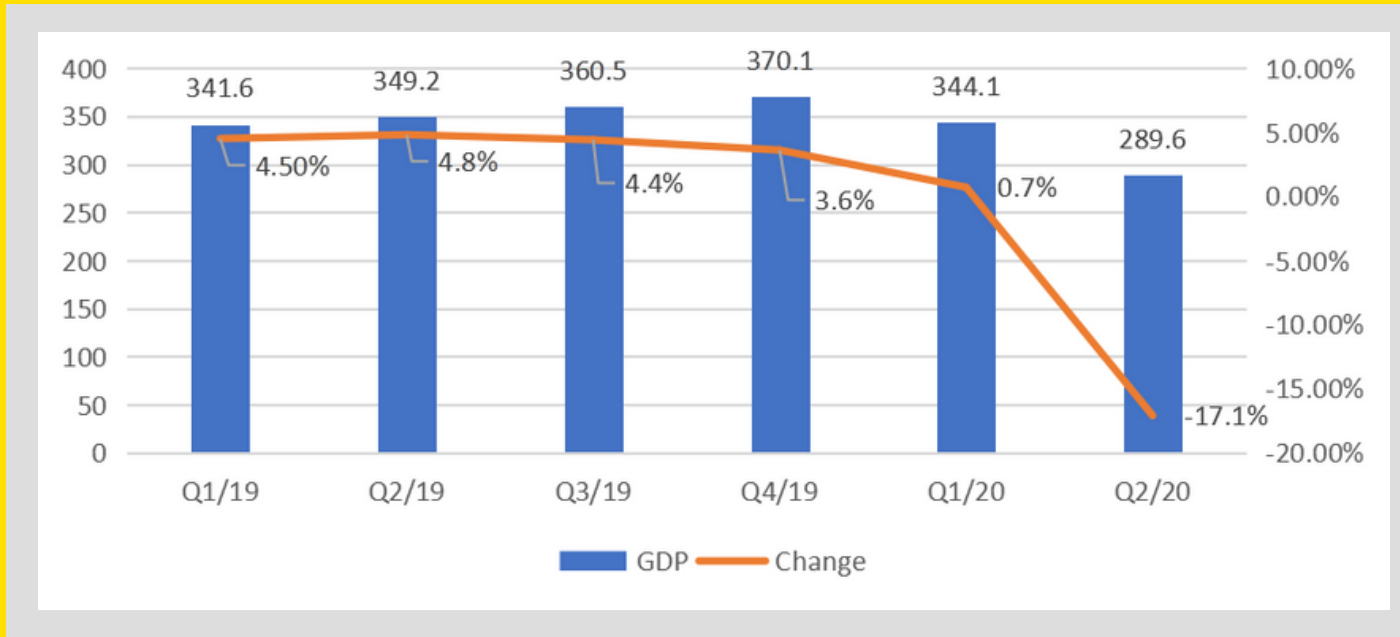




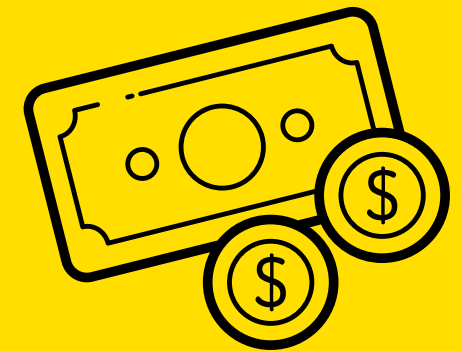
B U D G E T 2 0 2 1

A New Economic Paradigm?

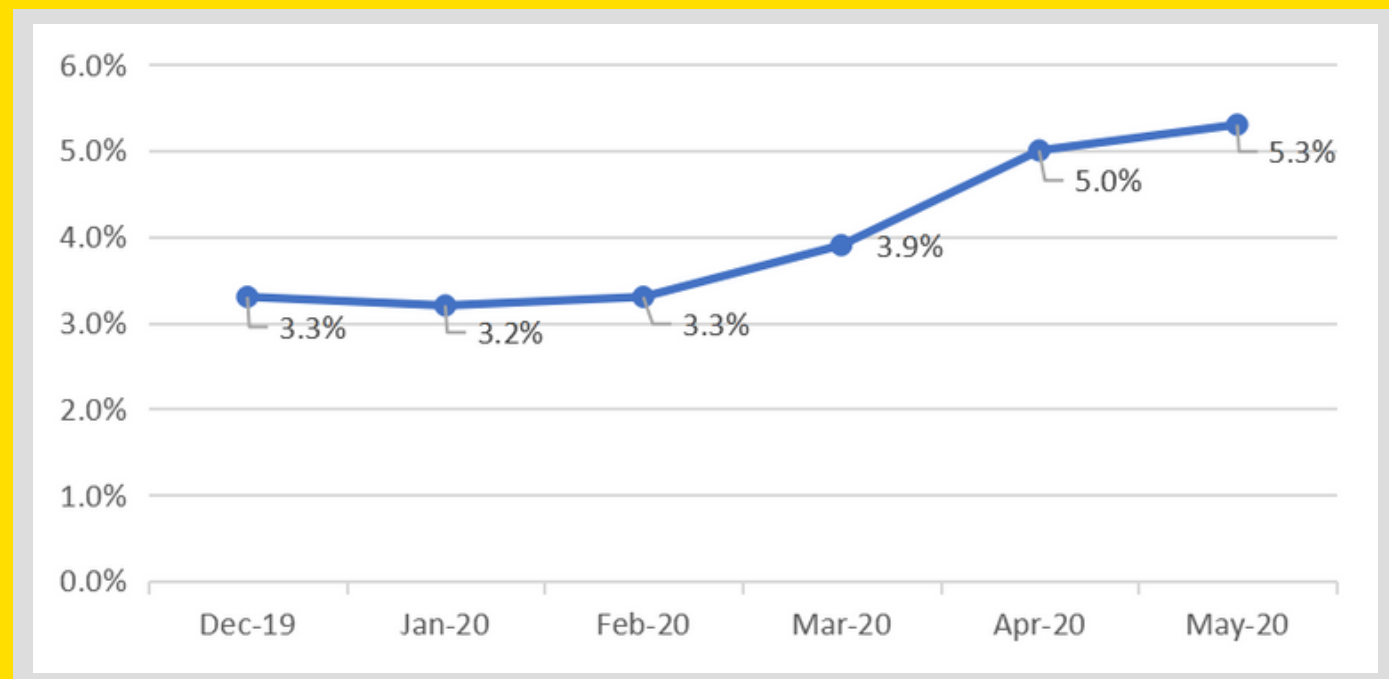
The economy still requires SUPPORT



GDP on a downward trajectory even with government support



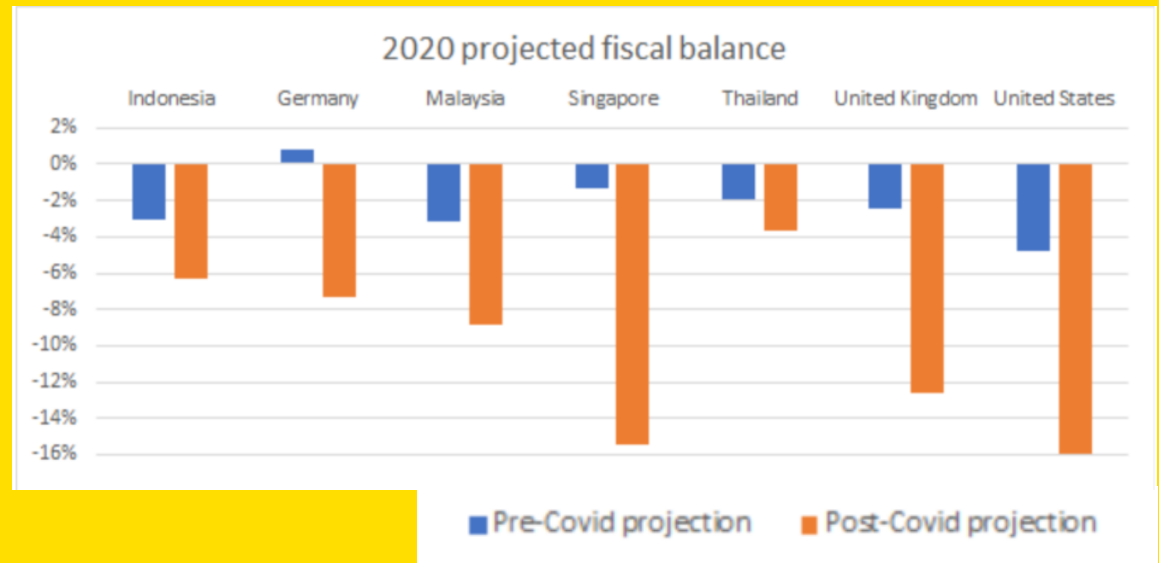
Rising unemployment & underemployment will impact income



Calls to loosen fiscal discipline for faster recovery

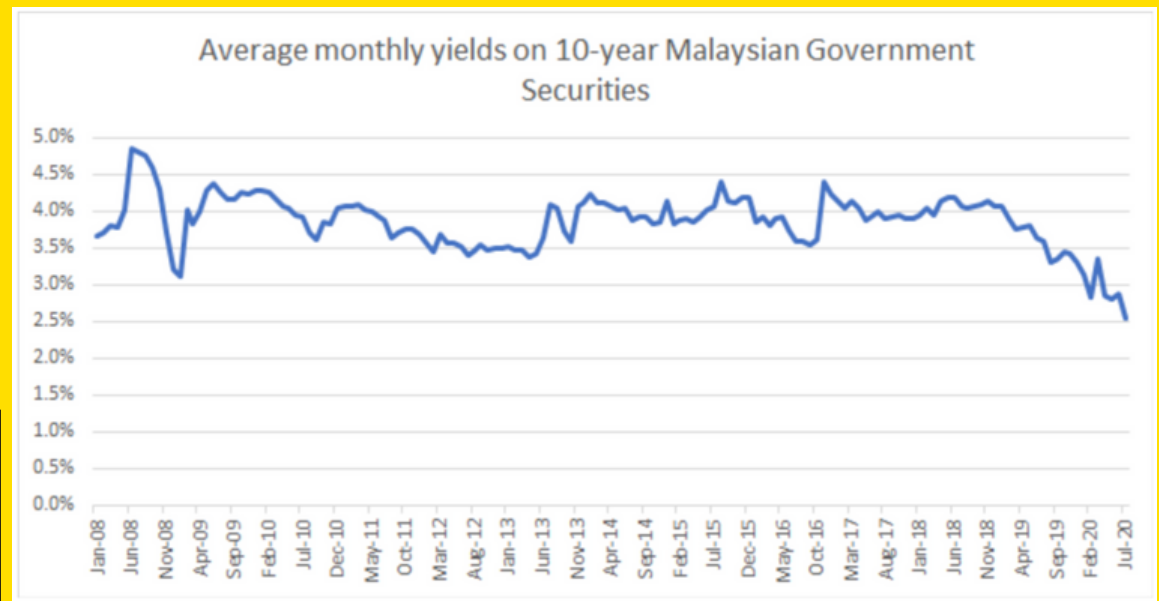
MALAYSIA SHOULD EXPAND FISCAL STIMULUS

- Most countries expected to run a large budget deficit in this cycle
- No comparative disadvantage for foreign investors, rating agencies



BORROW TO FINANCE SPENDING

Borrowing costs for MGS at lowest level



Encouraged by all
“Washington Consensus”
institutions

- “*Borrow* to fight economic impact of pandemic, says World Bank’s chief economist” (Carmen Reinhart) (FT, 2020-10-08)
- “With many workers still unemployed, small businesses struggling, [...] it is too early for governments to remove the *exceptional support*.” (IMF, 2020-10-14)

Where to spend?

One theme, two principles

01

Support the economy.

Create and maintain jobs, enhance social safety net in the short-term (protect income)

02

Future growth

Selective government support for future growth sectors in the economy

THEME: THE STATE AS CATALYST

Mission-oriented approach:

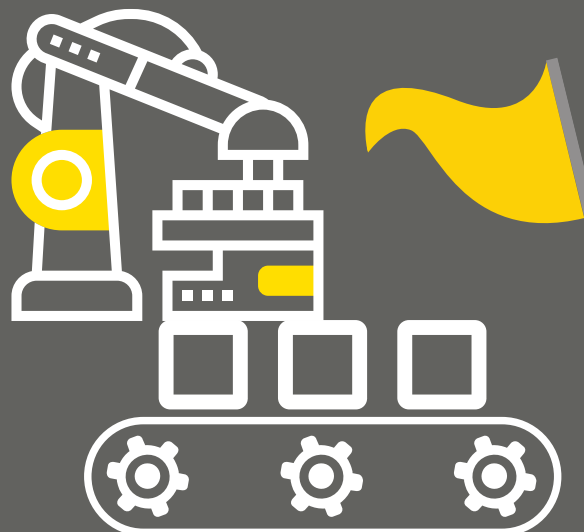
Public investment as catalyst for private initiatives, resulting in good jobs and income. Subsidise, consume from and incentivise private firms to hire and train local workers — “whole-of-society” approach.

Support the economy: Malaysia@Work+ and social safety net

1. Malaysia@Work

Reinstate the provisions designed for the Malaysia@Work programme:

- Encourage private firms to create new jobs by making hiring cheaper (subsidy), and raise wages to living wage.
- EPF already designed programme, can be rolled out quickly.
- Encourage “**Malaysianisation**” through **automation** – increase labour productivity by promoting investment in automation to consolidate jobs now held by low-paid foreign workers into fewer but higher-paid jobs for Malaysians.



GOAL

Create 1 million jobs for Malaysians, paying RM2,500 to RM4,000 over a period of two years.

2. Government to hire directly

- **Tertiary education workers** (teachers and support personnel) — aim to bring spending on education from 21% to 23% of GDP, in line with other upper middle-income countries
- **Healthcare workers** — both to increase resilience to the current pandemic, and prepare for an ageing society, requiring more care. Bring spending on health from 4% to 6% of GDP, in line with other upper middle-income countries.



3. Strengthen social safety net

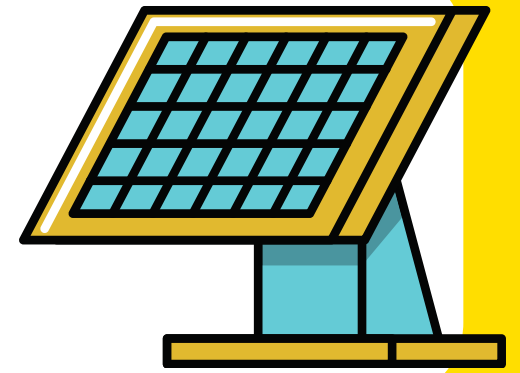
- Increase BSH payouts to meet the minimum wage level
- Stimulate enrolment in EIS coverage

Future growth: the green economy

01

Energy.

Incentivise move to renewable energy, initiatives to reduce consumption (energy efficiency). Create jobs and meet SDG's.



02

Transportation.

Develop electric vehicle (EV) ecosystem: charging stations, parts manufacturing etc.



03

Waste Recycling.

Develop waste recycling infrastructure for all goods, including waste-to-energy initiatives



04

Food Security.

Encourage more diverse farming through cooperatives, stimulate urban farming

