

# Preparing For The “Human Economy” - Put Rakyat’s Welfare First. And The Rest Will Be Resolved Automatically!

By Matthias Chang – Future Fast-Forward

*Transformative changes must begin in the next three months. The PN Government must start on new a clean sheet for the Human Economy.*

## 3 Biggest Key Takeaways:

1. **The Human Economy – The Rakyat Comes First (see pages 8 to 11 for details).**
2. **Economic Growth Per Se Does Not Equal To Economic Strength / Wealth.**
3. **The Stock Market Is Not The Barometer Of The Economy.**

### (1) Introduction

Recently, I sent out a “teaser” message to test readers’ reactions on the future directions of our country and to evaluate their awareness of the immense challenges faced by the world and Malaysia.

Many were blur and or clueless and this did not come as a surprise. The arm-chair critics and political cyber-troopers have their heads between their legs, most likely because their minds have been operating on the “Sleep Mode” during the lockdown (Movement Control Order) imposed since March 18<sup>th</sup>, 2020 to “flatten the curve” of the Covid19 pandemic.

But, the very few, who took the opportunity of the ample downtime to research and dig deep right down to the bowels of the Deep State Matrix, have discovered the **sinister mind-set and strategies of the global elites to exploit the advantages** arising from the financial crisis - the double whammy of the “global lockdown” and the “global shut-down” of the world economies, and the “fear factor” locking the main street (rakyat) down and keeping them in a stupor of helplessness and stupidity. **In short, the biggest wealth transfers to the elites in recorded history at the expense of the rakyat.**

**That said, few have zeroed in on the important and exciting opportunities by using the contrarian strategy of exploiting the global elites’ game plan for the benefit of Malaysia’s rakyat.**

More of that later, after this Introduction!

Let's continue.

We have to thank Allah that the moribund PH regime collapsed in the manner that it did – shamefully, in total disarray, stark naked exposing the filthy DNA of PKR, DAP, AMANAH and the remnants of the Bersatu Party. The collapse also exposed the ugly display of the lust and greed for power by the two opposition antagonists, Tun Mahathir and Anwar Ibrahim, with **Lim Kit Siang smugly enjoying the theatrics on the infantile assumption that whosoever is the victor, DAP will enjoy the spoils of the PH infighting!**

That arrogant politician miscalculated and misinterpreted the political equation - that the PH's coffin was already hoisted down the muddy grave! Is it any wonder that their vision is from six feet under and ignoring the fact that the grave diggers were already shovelling the dirt into the hole. Then fear struck the scumbags like a bolt of lightning, the realisation that the PH regime and its die-hard supporters would be buried alive.

Covid19 saved Malaysia from bloodshed and turmoil. The MCO imposed by the PN government on 18.3.2020 gave time to all Malaysians to reflect, reclaim their sanity and to wake up from the 22 months of the PH nightmare. And as they say, the rest is history!

### Fast Forward

We are now in July, 2020, the commencement of the Second Half of 2020. It is imperative that we take a hard look at ourselves and the direction which our country is heading.

There have been demands and rumours of a snap General Election by some politicians, the most prominent being the deputy President of UMNO because he opined that the PN government is unstable. I had, in my latest video address, refuted that opinion and asserted that the PN government is stable and capable and would secure a 2/3 majority in the next election. Additionally, PN would even reclaim Penang (presently the bastion of DAP's opportunistic politics and race baiting) and bury DAP.

The way forward is for PN to sever completely with PH politics and chart a new course for Malaysia. Not to go back to the "New Normal."

Recap what I wrote recently.

"I invite everyone to think globally and regionally as to how we see Malaysia going beyond 2020..... The world, post Covid19 is not just to thrive and survive in a "New Normal". This is a backward and regressive mind-set stance."

"New Normal" for Malaysians means going back to pre-Covid19 normality – under the PH regime of failed promises, lies, flip-flops and the ugly lust for

political power. And to put up with the tired propaganda of Anwar's hollow "Reformasi" and the dynastic rule of the "First Family". Last but not least, 22 months of failed leadership – total disaster.

Recently, the Finance Minister has invited the rakyat to interface with the government in its preparation of the 2021 Budget as well as the 12<sup>th</sup> Malaysia Plan **to be tabled on 6<sup>th</sup> November, 2020** in addition to the usual Dialogue Sessions with vested interests and lobbyists.

I am therefore surprised that the Finance Minister on 7.7.2020 in his speech delivered at the opening of Invest Malaysia 2020 outlined the thrust of his 2021 Budget focusing on four 'Broad Themes' – creating a better government, caring for the people, steering the economy, sustainable living and enhancing public service delivery. I have no wish to offer a detail comment on his speech as it is too early in time, given that events and circumstances would change and compel us to revise earlier assumptions and conclusions. However, in this article I would suggest that the current global crisis offers incredible opportunities and solutions to the PN government in preparing and motivating the country to move forward. The PN government should start on a new clean sheet.

## **(2) The Macro / Global Perspective**

Malaysia is ensnared in a global crisis, aggravated by the Covid19 pandemic since December, 2019. The crisis has triggered a double whammy! So, when planning for the future and moving forward it would be naïve, if not idiotic, to formulate policies for the next decade and beyond without giving due cognisance to the global and regional financial / economic fractures distorting and disrupting the world's economies.

Regardless who will be in the White House in the next five years (I take the view that Trump will be re-elected) the world's landscape would be fractured into the following zones/regions, namely:

- (i) Asia - dominated by China, India and Japan;
- (ii) Eurasia - dominated by Russia and allies in SCO;
- (iii) EU - dominated by Germany, with UK as spoiler;
- (iv) USA's sphere - dominated by US, and encompassing South America.

The present reality already reflects the above divisions and would be concretised within a decade.

So, I invite the PN government to take heed of the global shifts when preparing the 2021 Budget and the 12<sup>th</sup> Malaysia Plan. **It is more than economics!**

PN need not take my advice. But, it would be foolish and irresponsible to ignore Angela Merkel's perspectives if PN wants to avoid a disaster.

### In 2018

Merkel said she "**could no longer completely depend**" on the U.S. as a **reliable partner** after the Group of Seven summit later that same month.... Europe could no longer "**rely on the superpower of the United States.**"

After Trump pulled the U.S. out of the Iran nuclear deal in May, Merkel said Europe could "**no longer count on the U.S. to protect it**" and urged the continent to "**take destiny into its own hands.**"

### In 2020

The rest of the world can no longer take it for granted that the US still aspires to be a global leader and **needs to readjust its priorities** accordingly, Angela Merkel has warned.

**"We grew up in the certain knowledge that the United States wanted to be a world power,"** the German chancellor said in an interview with a group of six European newspapers, including the Guardian. **"Should the US now wish to withdraw from that role of its own free will, we would have to reflect on that very deeply."**

Merkel said the US military presence in **Central Europe was in the US's own interest.** "**Look at the world; look at China or India,**" Merkel said.

And Tun Mahathir wants to make India an enemy!

I must quote Angela Merkel again to drive home the urgency in adopting the correct perspective.

**"For Europe to survive, its economy needs to survive..."** After the 2008 financial crisis, multilateralism was the order of the day. That was when the G20 started meeting at the level of heads of state or government, and the **countries gave a very unified response.** That is not the case today. **These days, we have to do all we can to stop ourselves collapsing into protectionism.**

**In a crisis of this magnitude, each and every one of us is expected to do what needs to be done. What needs to be done in this case is something extraordinary.** Very **high unemployment in a country can become politically explosive** and thereby increase the threat to democracy.

We should start by doing everything we can to **make ourselves more resilient.** We need to stand together as Europeans, otherwise we will only weaken ourselves. **China has become a global player. That makes us partners in economic cooperation and combating climate change, but also competitors with very different political systems."**

It follows that such geopolitical shifts would impact on global finance and economics. The "new normal" is a misnomer, when currency wars, trade

disputes, sanctions are intensifying and the Pentagon's new map is brought into play, forging new alliances and confronting old and new enemies. This is the geopolitical challenge facing Malaysia. **This must be debated at the highest levels of government when preparing for the 12<sup>th</sup> Malaysia Plan.**

### **(3) The Regional Strategic Perspective**

The new blueprint for Malaysia must also incorporate a regional strategic perspective. ASEAN can be the parallel of the European Single Market. Angela Merkel observed,

*"It is very much in all the member states' own interests to maintain a strong European single market and to stand united on the world stage. In such an extraordinary situation, I rely on the member states having a great interest in the things that unite us."*

#### **ASEAN**

I invite the PH government to re-orientate and re-focus Malaysia's role in ASEAN, transforming our country to be the "**Supply Hub**" for the huge and growing ASEAN market, leveraging on the entire value chain of Malaysia's new Industrial Master Plan. God willing!

As far back as 2002, I wrote a Strategic Brief to the then 4<sup>th</sup> Prime Minister but as he had announced his retirement, it did not see the light of day, even now! However in Volume 1 of my Future Fast-Forward Trilogy published in March, 2005, I shared and explained my conceptual approach to regional politics and development to the powers that be:

***One of the most significant developments of the 21<sup>st</sup> century will be the regional mind-set as opposed to the global mind-set, as regional trade will be more than sufficient to meet the expectations of the various domestic economies within the respective regions. Globalisation as we know it today will be an abstraction. Empire Capitalism's tentacles will no longer have global reach. This is a direct consequence of the restructuring and redesigning of our societies in the face of diminishing resources. In place of globalisation, there will be intra-regional trade, as trade will be more efficient through regional mechanisms. ASEAN Plus 3 is a good model. The consumer society will slowly recede as it has shown to be wasteful and inefficient in the allocation of resources. This is a step in the right direction.***

The Industrial Master Plan must span production, consumption, transportation, new technologies, research & development and more importantly, energy.

To take one example of the potential of ASEAN's cross-pollination of shared resources:

During the Covid19 pandemic and beyond, and it's a no brainer to forecast, the airline and leisure industry will face more headwinds. There will be no return to a "new normal". Already leading airlines across the world have sought US\$ Multi-billion bailouts. National airlines in the ASEAN region face a similar scenario. For all intent and purposes, Malaysian Airlines is bankrupt, notwithstanding RM Multi-billion bailouts, time after time – an erroneous template for bailouts for our "Too Big To Fail" (TBTF) GLCs.

So, consider for starters:

ASEAN Airlines cum alliance, with agreed ASEAN rates for each "travel class" and supported financially by all members of ASEAN;  
 ASEAN Hotel Alliances (regardless of hotel branding) with agreed ASEAN rates;  
 ASEAN Food & Beverage Establishments Alliance;  
 ASEAN Travel One Card for the entire ASEAN Leisure Industry;  
 ASEAN Single Market Currency for trade and transportation to jump-start the use of an ASEAN common currency; and the  
 ASEAN shipping alliance!

Thereby securing a more integrated and inclusive ASEAN.

The pivot to regionalism is borne out by the intense geopolitical rivalries as warned by Angela Merkel in the foregoing paragraphs.

I sounded a similar warning in 2005. I quote from my book,

**"The need for a Big Brother for protection against global enemies as in the days of the Cold War and the War on Terrorism will be exposed for what it is – a pretext to maintain imperial hegemony. The world has no need for big bullies. Regional trade and security and collective responsibility for economic prosperity will be the bulwark against foreign and hegemonic agendas. Asians in the 21<sup>st</sup> century must ensure that the Zionist Anglo-American Axis as well as the emerging European continental powers will not be able, under any pretext, to launch a war of aggression in Asia. China and Japan must embark on an ambitious economic program for Asia as their combined foreign reserves should be invested in Asia to establish a vibrant Asian market. ASEAN Plus 3 and the economic spin-offs is the surest guarantee for a peaceful Asia in the 21<sup>st</sup> century."**

China's Belt & Road Initiative (BRI) corroborates my forecast in 2005. To achieve the regional development dynamics referred to above, Malaysia must revisit her Industrial Development policies from the perspective that **Malaysia must leverage ASEAN development dynamics to the fullest to achieve its national goals by 2030.**

Why 2030? If we failed to achieve the relevant targets within a decade, Malaysia would be left far behind and uncompetitive in almost all sectors.

Malaysia can achieve the targets, God willing, even ahead of schedule when ASEAN development dynamics are brought into the equation. Period!

#### **(4) The Framework – A New Clean Sheet**

##### **How?**

**Leadership is paramount.** I must applaud our Prime Minister for getting out of the shadows of Tun Mahathir and Anwar's stale narrative and propaganda hype of "reformasi".

The appointment of four Senior Ministers with specific responsibilities over selected clusters of ministries was an **encouraging sign of such a decoupling**. I had advised Tun Mahathir before the 14<sup>th</sup> General Election to appoint three deputy prime ministers so that we can have a pool of talent from which to select a candidate for an orderly succession - one DPM for Peninsula Malaysia, one DPM for East Malaysia and one DPM to interface with ASEAN for development dynamics, to assist the Prime Minister to lead that challenge. A mere deputy minister for trade with special responsibilities for ASEAN trade or the Foreign Affairs Minister would be sending a wrong signal to our ASEAN partners of Malaysia's commitment and determination in achieving the goals set out above. The Prime Minister must take full charge of this strategic responsibility as this Vision must have the full consensus and support at the highest levels, with a DPM as the focused and disciplined work horse. The Foreign Affairs Minister has too much on his plate. Sadly, my advice ended in the Memory Hole.

##### **Getting Out of Tun Mahathir's Shadows**

This should not be controversial. It is pure common sense. The PN government is faced with an unprecedented crisis. Even Tun Mahathir has rightly conceded that this crisis is an "**unprecedented catastrophe**". Being unprecedented, old solutions and policies would not be sufficient. New approaches, solutions, methodologies etc. must be adopted without neglecting past lessons where applicable. So, we move on and move ahead. We don't look back!

Everything the PN government is doing is a "work-in-progress", and it should emphasise on innovation, creativity and the mental attitude – "Why Not?"

For all the bravado of the PH regime and the stale narrative and hype of Anwar's "reformasi", the entire PH leadership failed to chart a new course - stale wine in a new bottle with an old hackneyed "reformasi" label. The leadership was too tired for anything new, creative and innovative but, were energised by the power addiction of becoming the prime minister again for Tun Mahathir and the self-proclaimed entitlement as successor for Anwar (with the ludicrous moniker "PM-in-Waiting"). Both sadly, were past their shelf-life date!

Crisis provides opportunities for a great leader to step up to the plate. Tan Sri Muyhiddin Yasin was given the challenge and he took the bull by the horns, after the stressful recovery from pancreatic cancer. Not easy.

This opportunity must not be squandered, as the rakyat having survived Covid19 will be opened to new ideas for change, even demanding change and will not accept or be saddled with old policies with a mere change of titles, names and the status quo.

**The challenge is for the PN leadership headed by Tan Sri Muyhiddin Yasin to provide bold and creative leadership offering confident solutions to overcome the present global and inter-related and inter-connected crisis. Hence, my pointers for consideration by the PN government!**

### **New Talents To Bloom**

It follows, that the status quo must not be allowed to stifle emerging talents and strengths on account of party politics and bureaucracy. The “Tri-Factor” of Wise Leadership, Talent and Patriotism is a time tested combination to confront and overcome any crisis. The crisis being unprecedented, the catch phrase should be “Why Not?”

We must get out of the “Comfort Zone” which holds back strategic initiatives. Why use a fishing rod, when by throwing the net far and wide, we can capture a shoal of fishes. Little Napoleons, toll and gate keepers are already stifling access and the blockages are compounded by political egos and superfluous protocols!

### **(5) The Three Biggest Takeaways**

#### **The Human Economy - Rakyat First**

I guarantee that the PN government will secure a 2/3 majority in the next election when it prioritises the rakyat first and not pay lip-service to the rakyat's welfare in the new “Human Economy”. This is explained in more detail at page 11 below.

In every crisis throughout the world, in recorded history (no exceptions), there has always been a **massive wealth transfer from the vast majority to the 0.1% elite.**

**The rich becomes richer and the poor becomes poorer,** notwithstanding pious platitudes of helping the needy and the poor in legislations, election manifestos, stimulus packages and social programmes. No one bothers to read the fine print and or follow the money trails.

Just reflect on the 2008 global financial crisis. The global elites, the wealthy class and entities got bail-outs in the US\$ Trillions (not a typo error) but the lesser beings (rakyat) from main street just managed to survive, if at all. The biggest evil perpetuating this disconnect and inequality were the major central banks. Their priority is and always will be to bail-out the financial institutions, the too big to fail banks (TBTF) and to “melt-up” the freaking stock market.

And the governments and central banks of developing countries invariably take the cue from the US (FED), EU (ECB) and or Mother England's (BOE), if the country was a former colony of British imperial rule. Not true??? Then query, “Has the status quo changed since the “great recession of 2008?”

No! Zilch!

Financial and economic policies designed for domestic politics and elections in the Western developed countries are adopted by developing countries lock, stock and barrel without taking into considerations of the NEEDS of their people.

**To illustrate:** currently there are more than 40 million unemployed in the USA but the stock market is raging upwards. The US economy is in deep shits. Every president in the past has used the “Plunge Protection Team” oiled by the liquidity provided by the FED, to push the stock market to record highs in an election year. **I guarantee that the US stock market will rally to unprecedented record highs in the next three months leading to the elections.** But, it will have no bearing on Malaysia's economic health. However, our elites and lobbyists will rig the market to facilitate an artificial “feel good factor” as part of the propaganda that all is well and the economy has fully recovered.

Then be assured that after the US elections the crash will wipe out the arseholes. Then what???

If any other developing country suffering the same consequences as the US is currently experiencing, the stock market would have collapsed. The MSM in Malaysia is selling the narrative that our stock market is on the upward trend in tandem with the US.

Since when is the stock market the barometer of a country's economy? **I had previously warned the PN government not to follow the US Pied Piper and give a rosy picture of our economic health so soon after the devastation by the Covid19 pandemic.**

The US stock market is driven by Wall Street and politics of the day. The three largest investment funds in the world control Wall Street and global markets. Blackrock (a global asset management fund) alone manages assets worth a whopping \$7.4 trillion (not \$ Billions) with a market capitalisation of \$84 Billion. Whenever they target a country's stock market, there would be a rally and when

they pull out (after achieving their gains) the stock market crashes, crippling the national economy.

We must not take the rakyat for suckers. In the past, governments got away with the artificial “feel good” narratives but not this time. There will be social revolution, the likes of which we have not experienced before if Malaysia goes down that route. I do not need to spell it out here as to which sectors and community will be up in arms. **Had the PH government remained in power we would have bloody riots by now with no end in sight.**

Three crippling issues are now frustrating and oppressing the rakyat.

(i) Jobs, Jobs, Jobs!

Stop using tired clichés that are mere sound bites such as “Up Skills Training”, “Hundreds of thousands Jobs Will be Created”, “Opportunities in the Digital Economy”, “AI and 5G Eco-system”, “Knowledge Economy” etc.

Define each and every one of the above clichés. Take the cliché “Knowledge Economy” bandied about by global economists, political pundits etc. rising to a crescendo in the 1980s. Does it mean that only now, Malaysia has such an economy and we did not, in previous Malaysia Plans pursue “knowledge” as a critical factor in economic planning? Since when have we stopped learning or used “knowledge” as defined below in our economy?

I will now expose the hype of the “Knowledge Economy”. Prepare to be shocked!

The concept “knowledge economy” was introduced in 1966 in the book “The Effective Executive” by Peter Drucker. The term knowledge economy was made famous as the title of Chapter 12 in his book “The Age of Discontinuity” (1969). Drucker conceded and attributed to economist Fritz Machlup, for the name which was derived from the concept of “scientific management” first developed by Frederick Winslow Taylor.

So, to be blunt, the Knowledge Economy has been around since 1966!

It is merely a new name or term to describe the process of creating, sharing, using and managing the knowledge and information of an organization. It refers to a multi-disciplinary approach to achieve organisational objectives by making the best use of knowledge. An enabler of organizational learning.

- The knowledge economy describes the contemporary commercialization of science and academic scholarship.
- In the knowledge economy, innovation based on research is commodified via patents and other forms of intellectual property.
- In the Information Age, the global economy has moved further toward the knowledge economy.

And the PH regime was screaming since May 2018, that being so knowledgeable, they are now transforming the Malaysian economy to a “Knowledge Economy”. Typical of PH’s political hype and propaganda!

Economists are famous for using labels to package “new priorities” in economic relations and realities. Hence, the agrarian economy (a feudal economic system) was replaced by the industrial economy (Capitalistic - farmers becoming factory workers). It took an exploitative industrial revolution to effect the change in the economic fundamentals and then, to the knowledge economy (with emphasis on “services”) since 1966. It is obvious that in each paradigm shift, “knowledge” of new technologies and their applications was the driver.

Artificial Intelligence (AI) is the new buzz word in technological advances. Biggest marketing bullshit! What technologies were scientists using when spaceships sped to the moon and mars etc.??? How was the International Space Station constructed? The term “AI” is a mere marketing gimmick. Before 5G, where was the buzz for 4G and how did 4G transform the economy? **We must be specific as to how 5G will transform which sectors of our economy in the next five years and beyond and the time lines to achieve each and every policy objective. PH failed miserably.**

Currently, the flavour for the global economies and packaged accordingly by economists is “**Human Economy**”, which in main street language refers to the emphasis on human and spiritual values. Putting people (rakyat) first! But, I am not against this label. If fact, it’s about time we focus on people, on humanity!

Not surprising, the major boost to publicise this new paradigm was made by Peter Drucker again. **The turning point was the Global Drucker Forum held in Vienna, Austria, 13-14 November, 2014, six years ago.**

One of the sound bites emanating from the initiative and getting traction is “B2B, B2C is out. Human to Human is in!” It is only now that the voice of the people is being heard. I am the lone voice in the wilderness in Malaysia. **So, when is Malaysia coming on board or are we still stuck in the hackneyed mind-set of the K-Economy?**

As far back as 2014, Dov Seidman of Harvard University observed, “**Over the course of the 20<sup>th</sup> century, the mature economies of the world evolved from being industrial economies to knowledge economies. Now we are at another watershed moment, transitioning to Human Economies – and the shift has profound implications for management.**”

I hope I have woke you from the “Covid19 Sleep Mode”!

Dov, explained further,

*“What do I mean by the human economy? Economies get labelled according to the work people predominantly do in them. The industrial economy replaced the agrarian economy when people left farms for factories; then the knowledge*

*pulled them from factories into office buildings. When that happened, the way workers' added-value changed too. Instead of leveraging their brawn, companies capitalised on their brains. No longer hired hands, they were hired heads.*

**In the human economy, the most valuable workers will be hired hearts.** *The know-how and analytical skills that made them indispensable in the knowledge economy no longer give them an advantage over increasingly intelligent machines. But they will bring to their work essential traits that can't be and won't be programmed into software, like creativity, passion, character and collaborative spirit – their humanity, in other words. The ability to leverage these strengths will be the source of one organisation's superiority over another."*

### **Humanity is critical to success!**

Peter Drucker exhorted that the path ahead for government leaders and executives is to create "human operating systems" that allow humanity to be expressed. In human economy, it is no longer enough to follow rules – management is doing things right, leaders are doing things right. We need to internalise and scale into our human operating system this distinction – everyone can be a leader, doing the right thing for the country and the organisation. People are not just brawns and brains. **They have hearts and machines can never be the source of enduring advantage. The country and company that succeed best will be those that focus on humanity of work, and capitalise on what humanity can uniquely do!**

**Malaysia is falling behind.** We still treat employees as mere inputs to production, whose costs is a huge problem and as workhorses whose ideas, impulses and drive must be reined in to meet targets laid down in KPIs.

In a recent survey of 1,000 CEOs there is now a growing preference for candidates who are "collaborative, communicative, creative and flexible". In the knowledge economy, the premium is on sheer intellect. The PN government might want to examine the study, "Only Human: The Emotional Logic of Business Decisions". **Hence, Chevron is branding itself as a "Human Energy Company" and Cisco is a "Human Network". AdAge has stridently proclaimed "Human" is the newest marketing buzz word.**

The PN government should also examine why India is developing a new growth Index – the "Ease of Living Index" (ELI) to track the performance of her economy which is elaborated at page 14 below.

Therefore, the rakyat needs to know what objectives have been achieved in the 10<sup>th</sup> and 11<sup>th</sup> Malaysia Plans and what were rolled over to the pending 12<sup>th</sup> Malaysia Plan and how much money was wasted, leaked and how are we to finance the roll overs. **And more importantly, how they would contribute to the wellbeing of Malaysia in the 21<sup>st</sup> century!**

(ii) Affordable Housing, Decent Standard of Living!

On affordable Housing, the assurances made by the PH regime were incredible. Judge for yourselves what Tun Mahathir has promised.

***On 17.2.2019, Tun Mahathir vows government will build 1 million affordable homes in 10 years as reported and headlined by the Malaysian Insight. And in May, 2019, the STAR newspaper reported that Tun Mahathir assured the rakyat that the Housing and Local Government Ministry, under the National Housing Policy, aims to build 100,000 affordable homes capped at RM300,000 by the end of the year. According to the then Prime Minister, it was one of the PH government's top priorities to ensure an efficient supply of affordable homes to take care of the people's well-being and upward social mobility.***

This is what I meant and warned of the danger of making “impossible promises” to the rakyat as admitted by the scoundrel, Lim Kit Siang. Tun Mahathir exaggerated PH’s abilities and capacity in order to win the support of the rakyat.

(iii) Debts, Debts, Debts

On the issue of debts, Bank Negara (and global central banks) has not shown how lowering interest rates would encourage borrowings when the rakyat is already up to their eyeballs in debts? This policy is still-born when current debtors are having difficulties in servicing their existing loans – housing loans, credit card debts, hire-purchase debts, student loan debts and rentals. The RM Trillion question – how would more borrowings to finance consumption, not based on needs and necessities, spur economic growth? Our youths have already morphed into debt slaves. This cannot be the solution!

**Economic Growth (GDP) Per Se Does Not Equal To Economic Strength / Wealth.**

Growth in GDP is but a subjective evaluation of the quantity and **not the quality** of the wealth of a nation and its sustainability.

For example: If a country announces +6% growth in GDP as compared to the previous year’s +4.5 % growth and glosses over issues relating the massive unemployment and mediocre labour participation with high consumer debts etc., does the GDP growth figures per se provide an accurate evaluation of the strength and wealth of the nation?

If we add the mix of high property asset valuations which would be a major factor in the computation of GDP growth figures, but ignoring the massive overhang in the property industry in the previous years and remain unresolved, does the GDP figure in itself means much? How do we evaluate the quality and resilience of the nation’s prosperity in such circumstances?

And the problems would be further compounded if the previous year's GDP was in negative territory say -4.5%. And if the following year, GDP is reported as having a +5% growth, what would be the net growth, if the two issues of high unemployment and a massive downturn in the property industry persisted?

The quality of economic growth must mean that our limited resources have to be harnessed to spur REAL growth and not to facilitate a false narrative for a political agenda as was the case of the PH regime's management of our economy, since 2018.

Real growth must translate into and equate with the overall upliftment and progress of our society. **Should not policy-makers be concerned that we are still grabbing with the problems of rural-urban income inequality and rural-urban population drift?**

Obviously, the vast majority of the rakyat would not be wiser as to the health of the country. But, the propaganda works, as a misleading positive GDP figure is used to hood-wink the masses. Malaysia must avoid such practices, moving forward.

GDP is the standard indicator of a nation's performance and growth. However, it has some disadvantages in not providing data for some of the following factors:

- Non-market transactions;
- The degree of income inequality in society;
- Whether the nation's rate of growth is sustainable or not;
- The costs imposed on human health and the environment; and
- Accounting treatment regarding the replacement of depreciated capital with that of the creation of new capital, and more.

I would suggest that the PN government adopt the additional yardstick created by the Think Tank, "Genuine Progress" which created in 1995 the General Progress Indicator (GPI). The GPI provides adjustment factors that apply monetary values to non-monetary aspects of the economy. Canada and some European countries are already using GPI as another tool to measure their economies. This is to be adopted if Malaysia is to establish a Human Economy. Additional tools may be explored and implemented. I refer to the following:

The Human Development Index (HDI)

The Happy Planet Index (HPI)

The Ease of Living Index (ELI)

The HPI Index was developed by economist Mahbub Ul Haq for a more human-centric measure of well-being, health, knowledge and standard of living. India is developing the ELI Index to measure quality of life, economic ability and sustainability which was created by two renowned economists, Amit Kapoor (Harvard Business School) and Bibek Debroy (Chair, India's Economic Advisory Council).

They have observed that, “**When measures of development go beyond an inimical fixation towards higher production, policy interventions will become more aligned with the aspects of life that citizens truly value, and society will be better served.**”

The PN government may want to visit the Organisation for Economic Co-operation and Development (OECD) model to measure productive efficiency, and its Multi-Factor Productivity (MFP) tool.

Using GPI and ELI in conjunction with GDP, the PN government can provide a better measure of the quality of our development efforts beyond the narrowness of just one value, the GDP value.

### **The Stock Market Is Not The Barometer Of The Economy**

I repeat what I have stated earlier, “... the US stock market is driven by Wall Street and politics of the day. The three largest investment funds in the world control Wall Street and global markets. Blackrock alone manages assets worth a whopping \$7.4 trillion (not billions) with a market capitalisation of \$84 Billion. Whenever they target a country’s stock market, there would be a rally and when they pull out (after achieving their gains) the stock market crashes, crippling the national economy.” This has happened repeatedly in Malaysia.

The Malaysian stock market is dependent on foreign inflows to sustain any uptrends and historical figures show that when there are dramatic foreign outflows, the stock market takes a dive. The inflows and outflows do not necessarily reflect the health of any country’s economy. It could be the differential in interest rates or foreign exchange rates etc.

Financial markets’ scribes, analysts and MSM always play loose with stock market terminology which does not reflect reality. The global financial collapse of 2008 is referred to as the “Great Recession”. It took over \$17 Trillion to bail out the major global banks in US and Europe. Too big to fail banks and hedge funds survived following multi-billion dollars bailout, but main street investors were massacred.

The FED’s “Forward Guidance” with regard to interest rates is one of the principal tools to control the movements of the stock market which in turn influences global markets. Forward guidance with regard to stock markets attempts to prevent surprises that might disrupt the markets and cause significant fluctuations in asset prices. The US FED at the prodding of the US President has recently been responsible for the current rally.

Stock buybacks is another way which the stock market is being manipulated. A stock buyback refers to a company buying back its shares from the marketplace with its accumulated cash or via external borrowings. Loans, to finance buybacks by management is irresponsible, given that no revenue-generating investments are made that can allow the company to pay off the debt! In

addition to plant and equipment, a company needs to invest in expanding the knowledge and skills of its employees, and it needs to reward them for their contributions to the company's productivity. These investments in the company fuel innovations in products and processes that enable it to gain and sustain an advantage over other firms in its industry.

Whether it is corporate debt or government debt that funds additional buybacks, it is the underlying problem of the corporate obsession with stock-price performance that contributes to volatility and the boom-and-bust economy. Debt-financed buybacks reinforce financial fragility. But it is stock buybacks, however funded, that undermine the quest for equitable and stable economic growth. Buybacks done as open-market repurchases should be banned.

From the above analysis, it is clear that the stock market cannot be the barometer of a nation's economy, its sustainability or strength.

## **(6) Adjusting To The New Global Energy Paradigm**

Given the foregoing discussion, I will conclude for the purposes of this article by bringing to the PN government's attention the game changer in the overall scheme of the EU's strategy on energy security.

Marian Willuhn wrote:

*"The European Commission has sent the European Green Deal on its way and a preliminary version of its anticipated hydrogen strategy has been leaked. The plan does not lack ambition, as the EU seeks to assert tech leadership in green hydrogen through coordinated efforts across the value chain. High-ranking EU officials have noted that the full de-carbonization of the economy would require the substantial use of hydrogen. Now, a draft version of the EU's hydrogen strategy, "Towards a hydrogen economy in Europe: a strategic outlook", **has been leaked**.*

*The plan states that a European hydrogen strategy would maximize the use of green hydrogen, but it concedes that for cost reasons, blue hydrogen will play a transitional role.*

*Green hydrogen is produced from renewables without any carbon emissions, while the blue and grey versions are reformed natural gas and therefore release carbon emissions. **Blue hydrogen captures, stores or reuses carbon emissions to offset their impact. At the moment, grey hydrogen can be produced for as little as €1.5/kg – a benchmark the EU wants to achieve with green hydrogen, in order to attain price parity. The plan also specifies that the EU will not use any grey hydrogen.***

The International Energy Agency (IEA) estimates that the price for green hydrogen is around €3.50 to €5/kg at the moment. The cost of clean energy and electrolysis are the main price drivers here. **The draft strategy repeatedly mentions the potential for a hydrogen economy in the European Union, in terms of geopolitics and job creation at the domestic level.** Currently, the hydrogen economy in Europe has a turnover of €2 billion. **That figure is poised to jump to €140 billion by 2030, accompanied by some 140.000 jobs that could be created.** Current sector support for a hydrogen economy amounts to €4 per capita in China, €3 in Japan, €0.75 in the United States, and just €0.50 in the European Union.

*It is not just about spending, however, but the authors envision that generating domestic demand will provide the European Union with the chance to **assume technology leadership along the entire value chain, but especially in electrolyzer technology.** In a world where green hydrogen will substitute hydrocarbon-based fuels, the EU believes it can boost its importance on international fora and its ties with its allies through technology leadership in hydrogen. **The strategy mentions, for example, that green hydrogen opens the opportunity to establish a benchmark for euro-denominated hydrogen transactions, much like crude oil is mostly traded in US dollars.***

To further coordinate the strategy, a European Hydrogen Alliance will be formed, also on July 8. The alliance will feature six separate technology-based sectorial CEO roundtables. The idea behind this is to represent the pillars of the hydrogen value chain: production, transmission, mobility, industry, energy, and heating. Jointly, the alliance will facilitate the implementation and of key projects, such as a clean steel program.

*Overall, the strategy explicitly notes that a comprehensive hydrogen strategy for Europe can only be achieved by addressing the whole value chain, from demand to production, infrastructure, and market rules.*

*In any case, an uptake in green hydrogen as primary fuel will mean that the European Union can engage in new co-operations with its neighbours such as Norway, Morocco, Ukraine, Algeria, and Egypt for hydrogen, rather than fossil fuel imports. The strategy also identified trade dimensions with the United States, South Africa, Japan, Canada and Australia.*

*The European Commission also recognizes that it needs to evaluate the impact on relations and contracts with third-party countries with regard to LNG terminals and gas pipelines. Within Europe, the gas network could be used to transport hydrogen, especially cross-border trade, which could be facilitated through such means, although the commission does caution that the costs of doing so must be carefully determined.*

*Jointly with the G20, the International Energy Agency, and other international bodies, the EU seeks to establish a freely accessible, rules-*

*based market for hydrogen, by setting out clear criteria for the sustainability of the fuel.”*

So, can Malaysia afford to ignore the above scenario in formulating the 12<sup>th</sup> Malaysia Plan, as the EU has targeted 2030 has the transformation date?

**We will not go back to the regressive New Normal.**

**We will move forward, with confidence and faith.**

**Transformative changes for the future must begin in the next three months.**

**The PN Government must start on new a clean sheet for the Human Economy.**