MALAYSIA

Integrating the SDGs into National Development Plans

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This report looks at the incorporation of the 2030 Agenda and the SDGs into the national development plan--Eleventh Malaysia Plan 2016-2020 –and asks whether Malaysia's approach to the SDGs will demonstrate the same neoliberal biases, aims and agenda of all development plans since 2009. Will it belie the same fetishes for GDP or market/corporate stratagems instead of real socio-economic development plans? Does it package structural adjustment and austerity plans in the guise of 'rationalizing' and 'integrating' limited resources, funding and collaborative programmes? Will the imaginary crisis of a 'middle-income trap' continue to occupy the policy agenda, as opposed to the real crisis of the increasing income divide between the few who have and the many who have not?

The Malaysian Government has tied implementation of the Sustainable Development Goals (SDGs) to its Eleventh Malaysia Plan (11MP) 2016–2020 as the centrepiece and guiding policy of national development efforts. Just as the Tenth Malaysia Plan (2011–2015) was said to reflect Government commitment to the Millennium Development Goals, the 11MP is said to mirror the multi-dimensional nature of the Sustainable Development Goals (SDGs).1

The Tenth Malaysia Plan, the New Economic Model (NEM), launched in 2009, and the Economic Transformation Programme (ETP), launched in 2010 had all some common aims, such as: to achieve a 'high-income' goal of per capita gross national income of USD15,000 by 2020; to attract more foreign and domestic direct investments; and to liberalize, deregulate, and privatize more of the national economy.

But while much rhetoric is duly spewed on 'distribution' issues, there appears very little of significance that actually gets carried out in relation to addressing socio-economic inequality, deprivation and marginalization. (For a bird's eye view of the various imbalances plaguing the Malaysian socio-economy. See here.

This report will focus on SDG 10 (to reduce inequality within and among countries) and SDG 8 (to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), and the questions that these raise in the context of Malaysia's policies and plans. It asks: Will the 11MP – and by implication Malaysia's approach to the SDGs – demonstrate the same neoliberal biases, aims and agenda of the 10MP, the NEM and the ETP? Will it belie the same fetishes for GDP or market/corporate stratagems instead of real socio-economic development plans? Does it package structural adjustment and austerity plans in the guise of 'rationalizing' and 'integrating' limited resources, funding and collaborative programmes? Will the imaginary crisis of a 'middle-income trap' continue to take hold of our policy-makers, as opposed to the real crisis of the increasing income divide between the few who have and the many who have not?

After all, the 11MP's pronouncements of being 'people-centric', 'balanced', 'inclusive' and for 'sustainable growth' reiterates what had been promised in the NEM and ETP.

Governance vs Political Economy

Among the criticisms of recent Malaysian policies and plans (especially since 2009 when Najib Razak became

1 Abdul Wahid Omar, Minister in the Prime Minister's Department, 'Malaysia's commitment to the Sustainable Development Goals and a People-Centred ASEAN', keynote address to the SDG Symposium: Operationalising the 2030 Agenda for Sustainable Development, 23 February 2016, Putrajaya.

Prime Minister) is their purported focus on efficiency and governance issues, such as transparency, accountability and institutional streamlining, on the one hand, and the need to escape the 'middle income trap' and to become a 'high-income' nation (per capita income: USD15,000) by 2020, on the other. In addition, by 2020, the New Economic Model (NEM), the 10th Malaysia Plan (10MP) and the Economic Transformation Programme (ETP) sought to (i) achieve overall GNI of RM1.7 trillion and (ii) attract more private investments, both FDIs and/or DDIs with the right incentives.

It is undeniable that corruption, mismanagement, and lack of transparency and accountability continue to mark Malaysian public life. Most recently, the scandal surrounding the 1 Malaysia Development Berhad ('1MDB') state investment fund[2] has cast the largest and darkest shadow over the domestic and international reputation of Malaysian government institutions. It also likely led to Malaysia's ranking in Transparency International's Corruption Perception Index to drop from 50 to 54 out of 168 countries in 2014.

But the focus on governance, transparency, corruption and other criminal economic activity detracts from the issues posed by 'legitimate' structures and processes and the role of liberalization, deregulation, and the dismantling of redistributive policies in exacerbating poverty and inequality and the deprivation of social, economic and other human rights.[3]

Moreover, while tens of billions of dollars flowing illicitly out of the country could go far to eliminate poverty and tackle socio-economic inequalities in Malaysia, many other problems derive from liberalization, deregulation and privatization of the economy, the formulation and implementation of laws, regulations, policies and programmes that affect the masses of ordinary individuals, families and communities.

The Economic Transformation Plan (ETP)

Despite the many imbalances plaguing Malaysian society,[4] plans such as the NEM, 10MP and ETP appear to have given lip service to correcting imbalances, while effectively downgrading issues of disparity, marginalization and inequality. In 2010, the ETP announced plans for 131 'Entry Point Projects' (EPPs) and 60 business opportunities across 12 National Key Economic Areas (NKEAs), designed to transform Malaysia into a high-income economy by 2020, produce a gross national income per capita of RM48,000, and create 3.3 million additional medium- and high-income jobs.

But instead of committing to redistributing wealth, augmenting real incomes and reducing poverty in all forms, the ETP (like its predecessors) has been geared mainly towards attracting investment into the economy,[5] and reducing the role of government from the primary driver of growth to merely a provider of resource and policy support.[6]

Thus the ETP focused on revving up private investments from 2 percent in the pre-ETP period to 12.8 percent in 2011-2015 so that private investments take up 92 percent of the total investments (RM1.4 trillion) targeted for Malaysia by 2020, with a target of about RM180 billion in investments by end-2011. Public investments were to take a back seat compared to the pre-ETP (2006-2010) period, with the Government only providing the balance of 8 percent for operating and

2 See: http://www.bbc.com/news/world-asia-33447456

3 Malaysia was reported in December 2015 to be among top five countries with the highest average 'illicit' financial flows over the past decade – referring to activities such as tax evasion, crime as well as corruption. According to its 2015 report, the Washington-based Global Financial Integrity (GFI) said USD 418.542 billion (RM1.8 trillion) had flowed out of Malaysia since 2004. A total of US$48.25 billion flowed out in 2013 alone. Strikingly, corruption and criminal activities account for only 38% of illicit flows. It is mostly because of technically 'legal' devices that tax evasion and tax avoidance (e.g., through transfer mispricing) make up 60-65% of the illicit money flow flowing out of developing countries such as Malaysia.

4 See: 'www.socialwatchreport.com.my/malaysia/state-of-the-malaysian-socio-economy.pdf

5 Clement Chew, How the ETP compares to the NEP, February 14, 2012, available at https://malaysiandevelopmentalist.wordpress.com/2012/02/14/how-the-etp-compares-to-the-nep/

6 Chew, How the ETP compares to the NEP.

communication costs.[7]

While the ETP is replete with billion-ringgit investments and 'business-as-usual' mega-projects, its impacts on the household incomes and welfare of ordinary Malaysians are uncertain, if not suspect.[8] The capital investment per employee (CIPE) ratio – often used as an indicator of the type of jobs envisioned by economic policy (as higher CIPE usually translates into higher salaries due to higher levels of employee skills and productivity) – recorded a disappointing RM571,000 per employee under the ETP by end-2011, only slightly better than the average RM554,000 in the five years before the promised transformation. Excluding the MRT and Petronas RAPID mega-projects that made up more than half of the total committed investments of the ETP, the CIPE under the ETP during the period concerned amounted to a mere RM305,000 per employee, about half of the pre-ETP average.[9]

The reasonableness of the plans to generate RM800 billion in GNI by 2020 and create 3.3 million new medium- and high-income jobs is highly debatable, as it is unlikely that real household incomes and salaries and wages will increase proportionately with GNI growth given the vast differences between them in terms of definition, measurement basis, periodicity, correlation, inequality, and so on. To illustrate, the eastern state of Sarawak in Borneo has been reported to be in the offing for high-income status,[10] yet, it has among the highest proportion of poor people in Malaysia, many of whom have never seen the inside of a hospital or other government office. Indigenous groups suffer the highest incidence of hardcore poverty inn Sarawak: about 32.1 percent of the Iban, 32.3 percent of the Bidayuh and 32.5 percent of the Melanau have received only primary education; only 7.3 percent of Murut and 7.5 percent of Bajau have received tertiary education.11 There is little development in areas outside the capital Kuching.[12]

The ETP projections for 2020 were reached based on nominal prices against 2009 current prices. Even using the Government's 2.8 percent as a per annum deflator for projections for GNI and wages by 2020, it has been found that as many as an additional 1.5 million people will join the existing lowest category of income earners who are bringing home monthly pay of less than RM750; a total 8.7 million will earn less than RM3,000 while only 3 million (as opposed to 4 million claimed by the ETP) will earn monthly incomes of more than RM3,000; there will be fewer than 100,000 persons earning more than RM7,000 per month. If a 6 percent per annum deflator were used instead of 2.8 percent, there would be 3.7 million people (instead of 1.5 million) joining the bracket of 2.9 people who are already earning less than RM750 per month and fewer than 200,000 persons earning RM1,500-RM3,000. Using a 6 percent deflator also means less change in the number of persons earning RM3,000 and above. Yet, even 6 percent does not do justice to people faced with rising costs of essential goods and services (e.g., public transport) by more than 16 percent over the past few years.

ETP's forecast has also brought to light its plans for the wages-to-national income ratio - only 21 percent by 2020. These figures were derived from calculating the proportion of GNI going to workers' wages and salaries (RM166 billion) out of the total RM800 billion GNI as announced by the ETP, while a conservative 5 percent (RM40 billion) goes to government in the form of taxes, and a whopping 74 percent (RM594 billion) of GNI goes

7 Private investments had declined to as low as 2% in terms of share of GDP during 2006-2010. See Malay Economic Action Council (MTEM), 'The Myth of High Income Nation: Achievable…But at What Cost?' Report presented to the 2015 Summit on the Malay Economy in Kuala Lumpur on 17 June, 2015; Chew, How the ETP compares to the NEP.

8 See Research for Social Advancement (REFSA), 'A Critique of the ETP Part 5: The ETP so far is just a handful of mega-projects. Available at www.refsa.org.

9 REFSA, 'Dissecting the ETP Annual Report: Part 5'.

10 Borneo Post, 'Sarawak can become high income state by 2030 only', August 18, 2015, Tuesday, accessible at: http://www.theborneopost.com/2015/08/18/sarawak-can-become-high-income-state-by-2030-only/#ixzz4BQi46zdA

11 UNDP) Malaysia Human Development Report 2013: Redesigning an Inclusive Future, Kuala Lumpur, 2014, pp. 213-34.

12 MTEM, 'The Myth of High Income Nation'.

to corporations in the form of profits.[13] Over the years 2010-2013 during the ETP period, Compensation of Employees averaged 32.5 percent of GDP, but the ETP envisioned an even lower share of salaries and wages for Malaysian workers.

Given this situation, what can be said of the 11MP that the Malaysian Government launched in 2015 and into which it purports to have incorporated the SDGs?

The 11th Malaysia Plan (11MP): Overview

The 11MP declares six strategic thrusts to drive the national economy while tackling the rapidly changing global landscape: (i) enhancing inclusiveness towards an equitable society; (ii) improving well-being for all; (iii) accelerating human capital development for an advanced nation; (iv) pursuing green growth sustainability and resilience; (v) strengthening infrastructure to support economic expansion; and (vii) re-engineering growth for greater prosperity. We focus here on the first three of these plus the last.

The Government claims the 11MP will ensure that all segments of society benefit from the country's economic prosperity to create an advanced economy and inclusive nation by 2020.

More specifically, and in relation to SDG-related goals on inequality and poverty, the 11MP outlines measures to ensure equitable opportunities especially for the bottom 40 households through outcome-based support and productivity-linked assistance, including entrepreneurship and skills training, technology adoption, asset ownership, and investment in improving connectivity and basic amenities.

By 2020, the 11MP aims to double the average income for bottom-40 households from RM2,537 in 2014 to RM5,270, elevating them into the middle class, and to raise women's workforce participation rate from 53 percent (2014) to 59 percent by 2020; to raise the well-being of all segments of society by providing equal access to quality healthcare, affordable housing and safer neighbourhoods and public spaces. To achieve this, more health facilities and more affordable homes will be built. Rural areas will be transformed by improving connectivity and mobility and creating a conducive business environment.

The 11MP will focus also further enhancing the quality of education and on strengthening skills through improvements to Technical and Vocational Education (TVET).

A Closer Look

On poverty and the bottom 40, there are a few instances of meritorious aspirations in the 11MP. In 2014, it reports, the hard-core poor represented 0.7 percent of total households in Malaysia. Hard-core poverty is said to have been eradicated.[14] As part of the Government's plans to tackle poverty, the 11MP contains pronouncements to 'reduce school dropouts', 'enhance accessibility to higher education, skills and training', and 'increase productivity through adoption of ICT' and other 'modern technology'. Government-linked businesses and investment companies will collaborate with the relevant local, regional, and 'corridor' authorities to develop capabilities and provide business opportunities for community enterprises. The private sector would be encouraged, for example, to locate their business operations in areas where the bottom 40 are a majority.

However, the 11MP does not state any mechanisms to implement what would otherwise appear to be good suggestions and targets.

The 11MP also purports to introduce an 'integrated and comprehensive social safety net' and assistance subsidies. To make it more palatable to the pro-austerity/anti-subsidy crowd, however, the Government clarified that assistance and subsidies that are not linked to 'productivity' will be reduced in favour of programmes focused on 'creating improved

13 OECD countries' household income account for about 70% of their GNI on average; many developed countries' allocate about 50% of their GNI to wages and salaries. already lower than that of other high- and middle-income countries such as Australia (47.8% of GDP), South Korea (43.2%), and South Africa (45.9%).13 See MTEM, 'The Myth of High Income Nation'; and REFSA, A Critique of the ETP: Part 6', Available at www.refsa.org.

14 Economic Planning Unit (EPU), 11th Malaysia Plan, 2015.

wealth ownership and increasing skill levels'. Strategies to achieve this include 'uplifting the bottom-40 households towards a middle-class society', 'empowering communities for increased economic participation', 'transforming rural areas to uplift wellbeing of rural communities', 'accelerating regional growth; and 'enhancing economic opportunities' for the disadvantaged Bumiputera community.

Given a development budget of RM260 billion for the 11MP (RM234 billion of which is supposed to come from private investments), will the 11MP's RM26.8 billion for 2015 (to be increased to RM 29.0 billion by the year 2020) be sufficient for subsidies? Will RM22.2 billion be sufficient for 2015 (RM 30.3 billion for 2020) for grants and transfers commensurate with an effective 'integrated and comprehensive' social safety system?15

We also note that there are no new subsidies programmes in the 11MP; in fact, the Plan's Government Operating Expenditure shows there will be a decrease of subsidies as a percentage of GDP. Neither have transfers – rooted as they are at 2 percent of GDP – increased. In other words, there will be no increase in transfers for the people who will be struggling to meet their expenses while trying to squeeze some savings out of their monthly salaries and wages, amidst rising costs of living and eroding purchasing power. The substantial decrease in subsidies under the 11MP will increase the cost of goods and services for ordinary Malaysians.

The 11MP's introduction of the Multidimensional Poverty Index (MPI) to ensure that vulnerability and quality of life is measured in addition to income is a welcome response to the many calls over the years for poverty measures to be overhauled. The MPI, a relative poverty measurement approach practiced in many developed countries, is to complement the absolute income-based measurement of the PLI and will measure access to basic infrastructure and services that facilitate social mobility, enables intensity-based analysis, and provides clear identification of the needs of the lower income households.

While the Gini coefficient in urban areas improved from 0.423 in 2009 to 0.391 in 2014, and in rural areas from 0.407 to 0.355, the 11MP acknowledged there is much to be done in the latter. To develop rural areas, the 11MP announced a slew of infrastructure projects, particularly in Sabah and Sarawak, including a RM10 billion–allocation for the supply and treatment of water and a RM3-billion allocation for electricity supply. A total of RM236 billion has been allocated for regional development and the provision of 470,000 jobs in the five 'regional corridors' of eastern, northern and southern Malaysia.

Addressing one of the fundamental reasons for the rising cost of living, the 11MP aims to ensure 1 million affordable homes consisting of 653,000 new units and an allocation to improve on 400,000 homes in need of refurbishing. As one research organization has found, however, the Government's 'affordable housing' programmes such as PR1MA are overpriced by at least 11 percent, while low-cost rental housing ranges from the unaffordable to the dilapidated, with many low-cost flats being poorly governed and maintained.[16]

Malaysia is said to be facing a 'homeless generation' crisis in which many of its future leaders – let alone ordinary Malaysians – cannot afford their own homes. Prices of houses are far beyond the household incomes of most Malaysians, given the astronomical growth of house prices since 1970s. Property prices are beyond the reach of fresh graduates as well as single parents. Questions abound about how the prices of such housing construction materials like cement, sand, steel and cost of doing business can be regulated instead of being one of the factors in making homes unaffordable; how utility companies as well as statutory GLCs can be made to maintain tariffs instead of contributing to their general rise; how developers can be prevented from hiking up house prices, such as by factoring

15 The Malay Mail, 'RM260b for 11MP inadequate as Putrajaya guzzles up budget share, DAP MP says', 21 May, 2015, available at http://www.themalaymailonline.com/malaysia/article/rm260b-for-11mp-inadequate-as-putrajaya-guzzles-up-budget-share-dap-mp-says

16 Shao Loong, 'Three missed opportunities in the 11th Malaysia Plan', Malaysiakini, 29 May, 2015, available at https://www.malaysiakini.com/letters/300071.

hidden ones into the sale price which will be passed down to house buyers; how to ensure access to liveable/affordable homes from the perspective of first-time buyers and the looming homeless generation; how to ensure a steady supply of affordable houses to cater to the demands of the lower and middle class income groups; how to protect the younger generations from drowning in debt due to housing loans; and how to stem the rapid rise of property prices due to false demand and speculation.[17]

From a Compensation of Employees (CE)-to-GDP ratio of 33.6 percent in 2013, the 11MP announced the goal of achieving 40 percent by 2020, thereby bringing Malaysia closer to the practice in high- and middle-income countries such as Australia (47.8% of GDP), South Korea (43.2%), and South Africa (45.9%). Yet, there is very little to show that the policies planned or set in place will lead to a national CE/GDP ratio of 40 percent. The 11MP itself acknowledges that CE/GDP is expected to improve with greater compliance with minimum wage requirements (in addition to upward revisions in minimum wages linked to improved productivity, and enhanced recognition of 'prior learning'). But given the absence of a dynamic minimum wage policy after genuine consultations with all parties to industrial relations (against the calls from many workers' groups for a higher increase, the recently-legislated minimum wage was raised from RM900 to only RM1,000 in 2015), the entrenchment of a foreign 'cheap labour' policy, and other incentives to raise workers' wages, any expressed aspirations relating to CE/GDP would appear more rhetorical than an actual goal guiding policy decisions and actions. Annual growth rates, furthermore, are nowhere near what analysts say is the minimum needed (around 9%) to achieve CE/GDP of 40 percent. Along current rates and proceeding along business as usual, Malaysia might achieve a CE/GDP of only 36.5 percent by 2020.[18]

The 11MP also announced the goal of reducing the wage gap through a Productivity Linked Wage System (PLWS) that would act as a wage index and guidance 'for fair and transparent compensation' by consolidating wage data from various sources. It would appear, however, that such a 'productivity-based' mechanism would work towards reducing wages, not the wage gap, and appears as another means by which wages will be determined using employer-determined market mechanisms.

The 11MP also takes a shot at addressing the relative low level of skilled labour in the country, wherein 64.7 percent of workers are semi-skilled, 9.4 percent are low-skilled and only the remaining 27.7% are medium- and high-skilled workers. But the goal – of achieving a labour force consisting of 60% high-skilled positions – appears merely to be turning the problem upside down and on its head. As with the ETP, whatever transformative initiatives are being planned under the 11MP to turn Malaysians into high-income earners by 2020 so as to render their impact on national human capital development, do not appear in the actual plan of the 11MP.

To augment Malaysians' wealth, bring about a 'larger middle-class' and spur the income growth of B40 households, the 11MP envisions narrowing the gap in post-secondary educational achievement and incentivizing employers to encourage their employees to pursue higher education and skill levels. Incentives such as soft loan facilities will be provided to employees to further their studies to enable them to secure better paying jobs, and more programmes in advanced skills training will be provided to enhance the opportunity to compete for higher paying jobs in technical areas.

Quite disturbingly, some of the numbers contained in the 11MP defy belief in its thinly-veiled attempt to paint with feel-good strokes the state of inequality in Malaysia, as measured by the Gini coefficient. The 11MP duly recounts the dramatic improvement in the 1970s and 1980s – narrated above – as well as the doldrums experienced from the 1990s through to 2012. By 2009, inequality had worsened to a Gini coefficient

17 Chang Kim Loong, 'Govt not serious in making homes affordable', Daily Express, 28 September, 2015 available at http://www.dailyexpress.com.my/read.cfm?NewsID=1732.

18 MTEM, 'The Myth of High Income Nation'.

of 0.441, but by 2014 had surpassed the 2015 target of 0.420 to settle to an incredulous 0.401. Malaysia is thus on track to reach a Gini Coefficient of 0.385 by 2020, the Plan trumpets. Such figures, unfortunately, militate so much against predominant perceptions – and combined with equally incredulous figures relating to Malaysia's GDP growth – as to hint not so much at any 'statistical doping' by government technocrats, but a more insidious question of intervention in the documentary process from political quarters.[19]

While the 11MP does not mention explicitly the Trans-Pacific Partnership Agreement (TPPA), there is little doubt that the TPPA is one of the free trade agreements (FTAs) and investment treaties referred to several times in the 11MP. A centre-piece policy initiative of the Najib administration since Malaysia's involvement in the TPPA negotiations began in 2010, significant resources have been committed to convince the Malaysian public to accept the deal. Proponents of the deal claim the TPPA will eliminate trade barriers and increase opportunities for trade and investment, promote the internationalisation of Malaysian industries and trade liberalisation throughout the Asia-Pacific region, provide the opportunity to establish new rules on emerging trade issues such as 'behind-the-border' laws and regulations, the environment and labour.

However, the TPPA – which Malaysia, the United States and 10 other countries signed early this year and is slated for ratification and to come into effect in 2018 – has been a lightning rod of public debate and consternation about the deal's implications for Malaysians, including concerns that the TPPA would:

- lead to the import of cheaper goods, from food imports to automobiles, and force local industries out of business;
- restrict the Government's regulatory and policy space in relation to how far government can regulate foreign investments, capital and business operations;
- punish government actions taken to protect or promote the public interest, or the environment, over foreign interests;
- restrict the production and supply of affordable generic medicines due to higher intellectual property standards and enforcement favouring and protecting 'Big Pharma';
- restrict access to affordable printed and online educational or information materials by way of higher copyright standards and harsher enforcement;
- restrict the social and economic role of state-owned enterprises (SOEs) and the extent that they can enjoy preferential treatment by government;
- impose disciplines on government procurement so as to 'level the playing field' in favour of private commercial corporations bidding for government contracts;
- lower standards of safety and quality so as to facilitate the import of foreign goods and services, such as GMO foods and other products that do not fulfil the religious requirements (e.g., halal); and
- impinge on Malaysia's sovereignty and the integrity of her institutions of government as external parties are empowered by the TPPA to participate in domestic legislation and policy- or regulation-making processes.

Whatever beneficial or aspirational plans are contained in the 11MP – whether these are expanded health amenities or minimum wage or other benefits for workers, or stricter environmental regulations to ensure 'green growth sustainability and resilience' or strengthening infrastructure to support domestic industries – could be negatively nullified in the post-TPPA environment.

Conclusion

While there is more of the same in terms of tax payer-derived funding and 'business-as-usual' opportunities

19 Lee Hwok Aun, 'The 11MP is resting on flawed foundations', The Malay Mail, 23 May, 2015, available at http://www.themalaymailonline.com/what-you-think/article/the-11mp-is-resting-on-flawed-foundations-lee-hwok-aun

for selected industry and sectoral players such as in oil and gas, the 11MP, therefore, manifests little hint of being truly transformative or innovative in changing the fortunes and futures of the many medium- and low-income-earning businesses and workers by way of redistributive justice in the economy. While subsidies and privileges granted to big business (in particular, utility providers and other GLCs, industrial players, manufacturers and exporters), are not seen as transfer payments, such perks are in effect forms of corporate subsidies. Subsidies and transfers should rightfully be going towards the poor and low-to-middle income groups who need them the most.

Thus, there is little to hope that the latter can benefit from such ideas as expanded transfers, food stamps, expansion of bursaries, scholarships, grants, benefits-in-kind and other forms of assistance for students, or seniority and/or disability pensions, unemployment benefits or the multitude of other welfare aids and social security nets. On the contrary, the Government has deemed it fit to shrink such subsidies and transfers by way of budget cuts and other austerity measures.

Taxation, for example, is an avenue for attaining greater equality and distributive justice. Instead of imposing regressive taxation such as the consumption-based taxes such as the Goods & Services Tax (GST) where the relative tax rate or tax burden decreases as a household or an individual's ability to pay increases, the government should be exploring the plethora of possibilities with regards to progressive taxation, such as a capital gains tax (CGT), inheritance tax, "Buffet" tax rate (to tax multi-millionaires, for example, whose gross annual income exceeds a specified threshold), and wealth tax (a specific tax or duty on an individual's cumulative assets worth more than a specified but revisable threshold).[20]

Other forms of progressive taxation include exemptions for consumption-based taxes on basic necessities usually consumed by the poor and low-income groups, higher consumption-based tax rates on luxury items, specific tax credits and/or negative income tax for the poor and low-income groups whose cumulative wealth and/or income levels are below a specified but revisable threshold, and any tax measures that create progressive distribution effects.

Since progressive taxes are aimed at reducing the tax incidence for individuals with a lower ability to pay, it is more equitable to proportionately shift the tax burden to those with a higher ability to pay, namely the wealthy and high-income groups. Progressive taxation could significantly help reduce social imbalances, in particular, income and wealth inequalities, especially when the revenues are used to finance transfer payments and social safety nets.[21]

Another important area where innovative and bold measures can be taken is that of education, where serious, meticulous, and comprehensive deliberations and actions are needed and the balance found between promoting and rewarding academic excellence and achievements, on the one hand, and ensuring a socially just and 'distributive' formula whereby as wide a net of opportunities and access as possible is cast as a matter of principle to all Malaysians and at all levels – from the primary up to tertiary – of education.[22] There appears a fine line between affirmative action and needs-based policies benefiting the disadvantaged, on the one hand, and the promotion of merit-based level-playing field opportunities in the private as well as public employment and business sectors on the other. But such a line must be sought, and appropriate mechanisms put in place to ensure there is neither abuse nor distortions that favour one group or another. To prevent ethnic discrimination, for example, mechanisms should be instituted to ensure equal opportunities are accorded to all Malaysians; to prevent exploitation and ensure proper compensation, unionization should be strengthened and promoted by the Government acting as an honest broker between workers and their employers.

20 MTEM, 'The Myth of High Income Nation'.

21 Ibid.

22 For complementary views on this issue, see Lee, 'Affirmative Action in Malaysia', and Muhammad, The Colour of Inequality.

Alas, such corrective and remedial measures to redress societal imbalances and achieve a fairer sharing of the burden of adjustment would appear too radical even for the purportedly 'innovative' and transformative 11MP. If such is the nature of the 11MP, it does not bode well for Malaysia nor for the SDGs that the plan purports to have incorporated.