

Great Reset - Growth, Technology & Prosperity

By [Samirul Ariff Othman](#) - October 16, 2023 @ 8:35am



In the last two decades, the emerging economies have become a growing and stronger force in contributing to global growth in output, trade, investment and even in finance.
(Bernama/Photo)

The global economy today is experiencing major transformations.

In the last two decades, the emerging economies have become a growing and stronger force in contributing to global growth in output, trade, investment and even in finance.

The developing countries' share of the world's output has grown by leaps and bounds, while their share of international trade soared.

Similarly, a substantial amount of foreign direct investment (FDI) in developing countries currently originates from other developing countries, in addition to the fact that emerging and developing countries hold a significant amount of foreign exchange reserves. This is a reversal compared with the previous decades when advanced economies held the bulk of all reserves. The fact that global economic

growth is now predominantly generated in emerging economies, heralds the dawn of a multipolar world.

These transformations in the global economy are not without precedent. In the economic history of nations, we have seen the rise and fall of past civilisations, as well as the changing paradigms of economic powers. One example is the influence of the Muslims of Andalusia — in what is today Spain — over Europe. And at its zenith, the British Empire's power and influence stretched all over the globe, shaping it in all manner of ways.

We learn in history that the great civilisations thrived on trade as well as excelled in science, mathematics and medicine. Today, we still find that supremacy in trade and widespread applications of technology, in addition to a wealth of skilled and knowledgeable manpower, are all crucial factors that enable nations to successfully compete in an increasingly globalised economy.

Evolution of the Economy

There have been several developments in human history which have altered the way in which people live. The ability to make fire was one of the earliest. The development of the wheel on land and the sail on the seas. One of the most far-reaching was the domestication of grains and animals ten thousand years ago, which made agriculture a viable alternative to hunting and gathering.

With the agricultural economy, value could be stored. People could stock up food for the winter, and could save it for times of need.

Agriculture could generate surpluses, which could be exchanged for other supplies, leading to the spread of trade. With the agricultural economy came the more settled lifestyle, and the possibilities of early specialization of labour.

It represented a huge increase in living standards, and enabled populations to expand.

The agricultural economy gave rise to what we acknowledge to be the earliest civilizations. Since then, the story of humankind written records began.

Over two centuries ago, a further advance was made — the advent of the Industrial Revolution.

The use of mechanical power to replace the effort of humans or their animals ushered in the age of industrialisation.

It began in Britain with the application of hydropower to the textile industry.

Water power was replaced in turn by steam power, and then by gas and electricity.

The application spread rapidly beyond textiles to other industries, notably iron and steel, and then mass manufacturing in general.

The basis of this new economic organization was not land, but investment capital.

What resulted was the industrial economy boosted the production of goods and later food.

The capital economy heralded the age of mass consumption, as Adam Smith observed, "the end of all production is consumption."

It has been the industrial economy which has made the most striking gains in human living standards, for it has enabled ordinary people to achieve a higher standard of living than ever before in the history of mankind.

Recent changes in economic organisation represent more than a late development of the capital and industrial economy — the dawn of the Fourth Industrial Revolution.

It seems that what is happening now represents not a development of the capital economy, but its replacement.

This new paradigm helps to place in context the changes that take place in the economic organisation. The phrase "new economy" has been used to describe this phenomenon. One aspect of many of these enterprises, which is new, is in the degree to which their major resource is not financial capital, but the skills of people.

Budding entrepreneurs used to compete for financial capital. Now, many new firms compete for a supply of talented or creative people instead. Their output is often not measured in material goods, but rather in services and software. They can be found not only in the new technology, communications, computers and internet-based activity but also in services, including financial services and major advancements in life sciences such as nanotechnology, proteomics, genomics and biotechnology.

Transforming to a developed Nation Malaysia's remarkable success in transforming itself occurred within the space of two generations, from an economy based on agriculture and primary commodities to a modern, industrialised economy. In the current context, at the heart of our transformation is the strengthening of the growth trajectory to become a developed and high-income economy.

In this respect, maintaining short-term economic resilience and strengthening long-term structural foundation are the necessary conditions for us to move forward.

These require structural issues to be addressed, particularly with respect to the need to shift to higher value-added and knowledge intensive activities, as well as to provide the conducive eco-system for private initiatives and talent to drive the nation's growth trajectory.

The shift calls for productivity growth. In particular, strong future growth performance depends critically on the economy's ability to sustain improvements in technological dynamism and to successfully transit towards internal sources of demand.

This, in turn, entails that we continue to support growth driven by total factor productivity (TFP) through improvements and advances in technology and, more importantly, growth of skills and entrepreneurship.

The new growth trajectory requires better education, scientific discovery and adoption of cutting-edge technologies. New ideas and constant innovation through science and technology are the key drivers for this innovation-driven growth.

This requires greater investment to create strong human capital development as investment in people is key to solving the challenges of sustainable growth. In this context, education and training, especially in science and technology, will provide the needed skilled workforce. Recognising the importance of education in strengthening the nation's competitiveness, Malaysia has invested heavily on education.

Innovation and innovative capacity are already rising in emerging economies.

Innovation is a kind of a frame of reference, a mindset or an environment that requires the courage to make mistakes and the understanding that we are allowed to fail.

Talent is key to these breakthroughs. We cannot be on the road to a knowledge-intensive and innovation-led economy without talent to drive it.

While Malaysia has talent, including global talent, we also have to compete internationally for our own talent.

Thus, Malaysia needs to be globally competitive to create, attract and retain talent.

To conclude, in 1996, Anwar Ibrahim shared his views and vision on the position and leadership of the East, in his pivotal and thought-provoking book, 'The Asian Renaissance'. Asian Renaissance was viewed by some as Asian's manifesto for the 20th century.

Now economists are projecting 21st century as the 'Asian Century' and Malaysia under the premiership of Anwar Ibrahim is positioning itself stronger than ever to strive and thrive as one of Asian leading economies moving into this Asian Century. Indeed the future can't be more promising for Malaysia.

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