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KSI Strategic Institute for Asia Pacific proudly introduces KSInsights, a visionary platform dedicated to cutting-edge research articles and thought-provoking pieces spanning the realms of education, economics, politics, and business. With KSInsights, KSI reaffirms its commitment to not only dissecting the complex tapestry of contemporary issues but also to crafting narratives that resonate with clarity and depth.

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ASEAN's Ticking Time Bomb — And How Do We Diffuse It?

Zaim Mohzani | Senior Director of External Affairs

While in Jakarta over the weekend, I was struck by a headline in The Jakarta Post: "With 10 million jobless youths, Indonesia's demographic dividend is at risk." The article highlighted the plight of Benedictus, a 23-year-old IT graduate unable to find employment due to a skills mismatch—a common issue across the region.

Just days ago, I addressed 150 emerging leaders in Malaysia, participants of the Malaysia Future Leaders School, a program under the Prime Minister's Department. I recounted the story of Aina, a Malaysian chemistry graduate who ended up working as a cashier at a fast-food chain. Her story went viral on TikTok in 2022, and by 2023 she was promoted to assistant manager. This, however, underscores the underemployment crisis—Aina's qualifications far exceed her job role.

The room fell silent as I shared Aina's story, underscoring the dire situation. Youth unemployment in ASEAN averages around 10-15%, but the bigger issue is underemployment, for which reliable data is scarce. This is a ticking time bomb with potential to devastate economies, leading to lower tax revenues, increased appeal of far-right populism, and widespread mental health issues. We risk creating a lost generation, much like what happened in parts of Europe.

With 11 years of experience in tackling youth unemployment through capacity building and writing extensively on the issue, I've seen the problem worsen. Causes are multifaceted: skills mismatch between academia and industry, inadequate education and training, and a preference for gig jobs among some youths. Recently, AI has added to the anxiety, with some attributing job losses to technologies like ChatGPT, though evidence remains inconclusive.

Traditional policy prescriptions include upgrading technical and vocational education and training (TVET), enhancing entrepreneurship education, and fostering better collaboration between academia and industry. However, it's time for a more radical approach: a job guarantee program. The idea is simple: if you want a job, the government will provide one.

Such programs would be federally funded but locally administered through a "job bank" system. Jobs could range from public facility maintenance and reforestation to childcare, youth social work, and elderly healthcare support. These roles typically fall outside the private sector's remit, avoiding market crowding. The program would offer a living wage with social security, potentially pressuring the private sector to improve salaries.

In a previous article, I estimated the cost of a job guarantee in Malaysia: a monthly salary of RM2,500 plus RM500 for training, covering 600,000 unemployed persons, would amount to RM21.6 billion—about 5.5% of the 2024 Budget. Though not cheap, its economic impact could be transformative, effectively eliminating youth unemployment. This challenges the orthodox economic notion of a "natural rate of unemployment"—we don't accept a small percentage without healthcare or education, so why accept it for employment?

This approach surpasses wage subsidies or unemployment benefits. Some may see it as reminiscent of Soviet-era communism, but similar programs have been implemented successfully: India's National Rural Employment Guarantee Act, Austria's successful Marienthal experiment, Argentina's Plan Jefes y Jefas, and South Africa's Expanded Public Works Programme (EPWP).

It's time to think boldly: an ASEAN Job Guarantee could potentially eliminate youth unemployment. This isn't a silver bullet or a primary policy tool, but the government should seriously consider its role as an employer of last resort. By stepping in to provide jobs when the private sector cannot, governments can ensure that everyone willing to work has an opportunity.

Returning to the Malaysia Future Leaders School, the young participants looked terrified at the grim statistics. However, I emphasised that every crisis brings opportunity. The economic centre of gravity is shifting from the West to Southeast Asia, with emerging sectors like ageing, green, and digital economies poised to create jobs for young people.

Ignoring this ticking time bomb is not an option. We cannot risk the futures of Aina, Benedictus, and countless others.

Digital Socrates: Solution and Challenges to Education

Luqman Al-Hakim | Research & Communications Executive

A few days back, I stumbled upon a video featuring Sal Khan, the founder of Khan Academy. In this presentation, Khan explored the burgeoning potential of artificial intelligence (AI) and large language models (LLMs) to transform into everyone's personal tutor. This idea struck me as both fascinating and pivotal, hinting at a revolutionary shift in how we approach education.

The current educational system, with its one-size-fits-all pedagogy, has long been under scrutiny. Its rigidity fails to accommodate the diverse learning needs of individual students, often treating educational institutions more like factories that churn out future workers rather than spaces for intellectual and personal growth. This model prioritizes conformity, focusing on instilling knowledge and behaviors that serve the economic system rather than fostering independent thought and creativity.

Indeed, the traditional educational paradigms are more akin to training camps that prepare students to perform specific roles within the confines of predetermined economic needs. This approach severely limits the scope of learning, where education is not about exploration and self-discovery, but about molding individuals to fit into specific societal slots. It’s an antiquated notion that sees educational institutions not as places of broad-based learning, but as mere stepping stones to employment.

Khan suggests that AIs and LLMs could herald a new era where education is truly personalized—a long-sought ideal. Imagine a system where learning is deeply customized not only to the intellectual levels but also to the personal interests of each student. Here lies the promise of AI as a "Digital Socrates," echoing the ancient philosopher's method of tailored questioning and dialogue to draw out knowledge and encourage deep thinking.

However, the path to transforming AI into such a personalized educational tool is fraught with complexity. Historically, the notion of a bespoke curriculum delivered by a teacher who not only imparts knowledge but also dynamically responds to the needs of each student has been deemed impractical on a large scale. Critics often cite insurmountable logistical and economic constraints. It's a reflection of broader societal choices where financial austerity is often prioritized over investments in human capital development.

Yet, this perspective is myopic and ultimately self-defeating. By scrimping on the very systems that educate and shape future generations, we undermine our collective potential. The advancement of AIs and LLMs offers a tantalizing glimpse into a future where such limitations can be overcome. These technologies have the potential to deliver educational experiences that are not only tailored but also scalable, providing each learner with a personalized educational journey that mirrors having a tutor as adept and insightful as Socrates himself.

The integration of AIs into education could democratize learning, making high-quality, personalized education accessible to all. This would not only transform how knowledge is imparted but could fundamentally reshape the educational landscape by making learning a more empathetic and responsive experience. In such a world, education would no longer be just about preparing for the workforce but about nurturing well-rounded and critically thinking individuals.
As we stand on the brink of this transformative shift, it is crucial to critically assess both the capabilities and the limitations of AIs and LLMs in educational settings. The vision of AI as a "Digital Socrates" is not just about technological feasibility but also about a philosophical reimagining of what it means to educate and be educated.

As a policy researcher deeply invested in the nuanced implications of integrating AI into our educational system, I find the vision of a "Digital Socrates" both inspiring and daunting. While the concept promises a revolution in personalized education, several critical areas require careful consideration and proactive policy adjustments to fully realize this potential and mitigate associated risks.

Addressing Infrastructure Readiness and Access Issues

The first major area of concern is the digital divide that underlies the "digital" part of "Digital Socrates." Despite a high internet penetration rate of 97.4% in Malaysia, this figure masks significant disparities in the quality of access. Many students, particularly in rural areas, rely on unreliable devices and have intermittent or poor-quality internet service. The irony of digital learning today is that while some urban schools are well-equipped, rural schools often struggle with basic digital infrastructure, making the implementation of even conventional e-learning platforms challenging.

The introduction of AI-based education systems like "Digital Socrates" demands robust digital infrastructure. It is imperative to prioritize investments in high-quality internet services and learning devices for these under-served areas. This would involve not only upgrading physical infrastructure but also ensuring affordable and reliable access to technology. Such an approach would help circumvent current obstacles related to teacher shortages and the inaccessibility of physical school locations, making education more equitable.

Ensuring Ethical AI Development and Deployment

The second area that demands attention is the governance of AI, particularly in educational applications. Currently, Malaysia lacks a comprehensive AI policy, especially one that addresses the development and use of AI in education. Without such frameworks, there is a risk of unchecked AI development that could lead to undesirable outcomes, including the exacerbation of existing inequalities.

Concerns around the biases inherent in the datasets used to train LLMs highlight the need for stringent standards on AI transparency and accountability. Multiple research papers have pointed out that if these biases are not addressed, they could perpetuate and even amplify stereotypes and unfair representations within the educational content delivered by AI systems.

Therefore, it is crucial for policymakers to establish guidelines that ensure the ethical development of educational AI. These guidelines should mandate the auditing of AI algorithms for biases, enforce the inclusion of diverse data sets, and require AI developers to disclose the design and decision-making processes of their systems.

Crafting Comprehensive AI Education Policies

To fully prepare for the integration of "Digital Socrates," Malaysia must develop and implement a comprehensive policy framework that:

1. **Enhances Digital Infrastructure**: Ensure all schools, particularly in rural and underserved areas, are equipped with reliable internet access and modern digital learning tools.
2. **Regulates AI Development:** Create clear regulations that guide the ethical development of AI tools in education, focusing on transparency, accountability, and inclusivity.
3. **Promotes Digital Literacy:** Implement national programs to boost digital skills among students and educators, preparing them to effectively utilize advanced AI-driven platforms.
4. **Addresses Equity and Access:** Develop policies that specifically target the reduction of educational disparities through technology, ensuring that "Digital Socrates" does not become a privilege for the few but a universal tool for all learners.
5. **Fosters Public-Private Partnerships:** Encourage collaborations between government, technology providers, and educational institutions to drive innovation while aligning with national educational goals.

The transition to AI-enhanced education is not merely a technological upgrade but a transformative shift in how we conceive of and deliver education. As such, it requires careful planning, significant investment, and ongoing scrutiny to ensure it serves as a tool for enhancing educational outcomes and not as another layer of complexity on an already strained system. As we move forward, the goal should be to harness AI not just as a technological achievement, but as a means to enrich, democratize, and humanize education across Malaysia.

Conclusion

In envisioning the integration of AI and LLMs into education—our very own "Digital Socrates"—we stand on the brink of a transformative educational paradigm. This shift promises tailored, responsive, and engaging learning experiences that can potentially overcome the longstanding limitations of our current system. However, the journey towards this revolutionary shift is fraught with complex challenges that require deliberate, thoughtful policy intervention.

To ensure that the transition to AI-enhanced learning environments is successful and equitable, a multifaceted approach is necessary. This includes upgrading digital infrastructure, particularly in underserved areas, to ensure that every student has access to reliable technology and connectivity. It also demands the creation of rigorous regulatory frameworks that guide ethical AI development, focusing on transparency, fairness, and accountability to prevent the perpetuation of biases and inequalities.

Moreover, it is essential to foster digital literacy across all levels of society to prepare educators and learners to navigate and maximize the benefits of AI-driven tools. Policies must also strategically address the digital divide, ensuring that AI in education does not widen existing disparities but instead acts as a leveller, offering high-quality, personalized education to all.

The potential of AI as a "Digital Socrates"—a wise, personal tutor for every learner—is immense. It holds the promise of democratizing education, making personalized learning accessible to all, and preparing a future workforce with diverse and comprehensive skills. However, realizing this vision requires more than technological implementation; it demands a concerted effort from policymakers, educators, and the tech community to create an inclusive, equitable educational framework that truly meets the needs of every student.

Embracing these challenges head-on and fostering a collaborative approach to policy and implementation, Malaysia can lead by example in the global movement towards AI-enhanced education. This is not just an investment in technology but an investment in our future generation, ensuring they are equipped to navigate and thrive in an increasingly complex world. With thoughtful implementation, the dream of having a "Digital Socrates" in every classroom could well become a reality, marking a new era of inspired and informed teaching and learning.

Imagining New Economy, Social Solidarity Economy

Dr Eri Trinurini Adhi | Chair of Asian Solidarity Economy Council (ASEC)

Could you provide an overview of your expertise in Social Solidarity Economy (SSE) and how your experiences have shaped your understanding of its principles and applications?

I have been working on issues of social development for over 25 years, serving as a community facilitator, development consultant, and activist. However, I see that the world remains stagnant in reducing inequality, and it is even worsening. I became acquainted with SSE in 2014 through Bambang Ismawan, the founder of the Bina Swadaya Foundation in Indonesia, Benjamin Quinones from the Philippines, and Datuk Denison Jayasooriya from Malaysia. Following the journey of ASEC in promoting SSE in Asia, led by these three founders, I learned a great deal about SSE. It answered my questions about why there has been no progress in reducing inequality. The world is dominated by a capitalist system where corporations tend to maximize profit in the short term, neglecting the impact on the environment and society. On the other hand, the civil society movement has not been united or strategic enough in combating inequality. The alternative system of SSE, although present in community activities and organizations, has not yet been fully established in society. Thus, within ASEC, I can see more clearly the position of CSOs relative to the government and the private sector, providing a clearer path for the CSO movement to advance advocacy and strengthen the CSOs themselves.

SSE is a broad concept that encompasses various economic practices. How would you define Social Solidarity Economy, especially in practical terms, and what are the key principles that underpin its functioning?

The Social Solidarity Economy (SSE) is a values-based economic system that can be applied to organization and governance, including within families. To facilitate a better understanding of SSE, I would like to draw a comparison of values between SSE and the capitalist system:

- Competition is prevalent, whereas in SSE, collaboration is emphasized.
- Financial capital is paramount; in SSE, a combination of financial and social capital is valued.
- Nature is often exploited to maximize profit; in SSE, conservation of nature is prioritized.
- Profit maximization is the primary goal; in SSE, the prosperity of people and equitable distribution are deemed important.

In summary, we are familiar with the three principles of the social enterprise: people, profit, and planet. SSE adds ethical values and participatory governance to these principles (3P + ethical and participatory governance).

You might wonder if organizations embodying these values exist. Such organizations, which include cooperatives, educational or socially purposed foundations, mutual aid organizations, and microfinance institutions, can indeed be found if we carefully observe our surroundings. We refer to them as community economies or inclusive communities.

According to ADB's 2024 data, there are approximately one million social enterprises in Southeast HHHAsia, and this number is growing. In Malaysia, 66.9% of social enterprises serve between 11 to 100 beneficiaries each, highlighting significant potential for social enterprises to provide quality jobs and uphold these values.

Moving from theory to practice, how can SSE be practically adapted in different contexts? Are there specific examples or case studies that highlight successful implementations of SSE principles, and what lessons can be drawn from these experiences?

I would like to present a case study from Yayasan Kajian Pembangunan Masyarakat on organic farming for the Orang Asli Ulu Gumum community in Malaysia. Until 2008, this community primarily consisted of hunters who lived in poverty, relying heavily on natural resources, which contributed to the degradation of their forest environment. At that time, the state did not recognize them as a distinct forest-dwelling people whose identity, culture, and livelihood were intrinsically linked to the forest. As they transitioned to farming, the Orang Asli faced limited market access and were considered a vulnerable group.

Yayasan Kajian Pembangunan Masyarakat stepped in to provide seeds to the Orang Asli, which yielded significant success. The foundation then helped facilitate the marketing of the community's produce. Encouraged by these achievements, the community decided to scale up their efforts. Consequently, Yayasan Kajian Pembangunan Masyarakat established a social solidarity economy (SSE) business model centered on community ownership and shared profits, significantly enhancing the community's economic resilience.

One of the core aspects of SSE is community empowerment. Can you elaborate on how SSE initiatives contribute to fostering stronger, more empowered communities? Are there specific strategies or models that have proven effective in enhancing social and economic solidarity at the local level?

Initially, by coming together in a network, we can share knowledge among members and encourage one another on the SSE journey. ASE has members in 18 countries across Asia. ASEC, as a network organization, aims to strengthen SSE organizations and promote SSE. Dr. Benjamin Quinones often likens SSE to a forest and the individual SSE organizations and enterprises to trees. Just as there can be no forest without trees, SSE organizations and enterprises must come together to form a robust alternative system within SSE.

Shifting our focus to the ASEAN region, how does SSE align with the cultural, economic, and social dynamics of Southeast Asia countries? In what ways can the principles of SSE be integrated into the existing economic frameworks of ASEAN nations?

If we consider the three pillars of ASEAN Community policies—namely, Political-Security, Economic Community, and Socio-Cultural—the SSE aligns well with the ASEAN Blueprint. However, no specific policy explicitly mentions SSE. Despite this, ASEAN recognizes the growing importance of Social Enterprises and has established the ASEAN Social Enterprise Development Program to tackle socio-economic issues and bolster social enterprises.

Although not explicitly familiar with the principles of SSE, many social enterprises in ASEAN countries embody SSE values through cooperative and community-based organizational models. Consequently, introducing SSE in ASEAN forms a crucial part of ASEC's advocacy strategy. ASEC has been actively participating in the ASEAN Civil Society Forum (ACSC/APF) to promote SSE. The international workshop on Inclusive Community to Support SDGs, held in collaboration with APPMGs and ASEC in Kuala Lumpur, Malaysia, last February 2024, exemplifies ASEC's efforts to underscore the significant role of SSE practitioners in achieving the SDGs.

Given the diverse nature of the ASEAN community, how can SSE facilitate cross-border collaboration and cooperation among member states? Are there specific challenges or opportunities that arise when applying SSE principles in a regional context?

Cross-border collaboration can be observed among Home Net members in ASEAN countries such as the Philippines, Cambodia, Thailand, and Indonesia. Most SSE organizations or enterprises operate at the local level; therefore, cross-border collaboration should be broadly defined to include advocacy and networking.

As with any economic framework, SSE may face challenges in its implementation. What obstacles or hurdles do you foresee in integrating SSE into existing economic systems, both at the local and regional levels?

The economic paradigm in many countries, dominated by capitalism and neoliberalism, is a major obstacle. SSE-based organizations require a different ecosystem because they operate with distinct values, yet they contribute significantly to reducing inequality and supporting the Sustainable Development Goals (SDGs).

On the flip side, where do you see the opportunities for innovation and growth within SSE? Are there untapped areas or specific sectors where principles of SSE can lead to transformative changes in the socio-economic landscape?

These global policies need to be implemented at the national level. Additionally, digitalization offers numerous opportunities for innovation, such as crowdfunding and capacity building for SSE practitioners.

Policies play a crucial role in shaping economic structures. What policy considerations or changes at the national and regional levels could enhance the adoption and effectiveness of SSE in the ASEAN region?

In 2022, there was global momentum supporting the promotion of SSE, highlighted by a letter from the General Assembly that mentioned SSE's role in achieving the SDGs, and an ILO conference in Geneva that underscored SSE's significant contribution to decent work.

How can governments and relevant institutions actively support and promote SSE initiatives? Are there specific measures or incentives that could encourage the integration of SSE principles into mainstream economic strategies?

TThe government could begin its support by implementing policies that enable a fair and just economy, prioritizing the benefits to people at the center of all development sectors. The informal economy, including micro and small enterprises, represents the largest group of enterprises often overlooked by policies. Therefore, providing access to social protection, especially non-contributory social protection, is essential and should be considered a fundamental human right. Additionally, the government must ensure that businesses, including medium and large-scale as well as multinational companies, comply with human rights standards.

To conclude, based on our discussion, what steps do you believe should be taken to advance the practical adaptation of SSE, both within individual communities and on a broader ASEAN-wide scale? What collaborative efforts and initiatives could be pursued to realize the potential of SSE in fostering sustainable and inclusive development in the region?

Several actions should be taken concurrently. At the government level, policies focused on a people-oriented economy need to be implemented. Regionally, follow-up actions on the General Assembly Letter and the ILO Conference Declaration to support SSE should be pursued within ASEAN. Moreover, collaboration between international development agencies, regional organizations like ASEAN, civil society organizations such as ASEC, and think tanks like KSI is crucial for achieving effective policy changes. Additionally, the capacity of Civil Society Organizations or SSE organizations and enterprises must be strengthened. SSE is a system designed to ensure equal relations between the government, private sector, and civil society. Without a strong civil justice system, SSE cannot be effectively built.

Modern Monetary Theory

KSInsights Explainers

In recent decades, the global economy has faced a series of unprecedented challenges, from spiraling national debts and persistent unemployment to the erratic behaviors of inflation. These issues demand a reevaluation of the conventional economic frameworks that have guided fiscal and monetary policies worldwide. One such emerging framework is Modern Monetary Theory (MMT), which offers a radically different perspective on the role of government in economic management.

Modern Monetary Theory posits that governments controlling their sovereign currencies can and should use monetary issuance to directly fund public spending. This approach challenges the traditional paradigms that caution against large government deficits and view high public debt as precursors to economic disaster. Instead, MMT argues that currency-issuing governments are not financially constrained in the same way households or businesses are. Consequently, such governments can sustain higher levels of debt without necessarily triggering inflation, provided the real resources (labor, capital) are available to absorb this spending.

The purpose of this article is to delve into the core principles of MMT, illustrate how it diverges from traditional economic theories, and explore its potential to provide viable solutions to today's pressing economic issues. By reassessing the mechanics of government spending, taxation, and monetary policy through the lens of MMT, we may uncover new pathways to achieving economic stability and long-term sustainability. This exploration is not merely academic; it is a critical inquiry into how nations can harness economic policies to better serve the welfare of all citizens in an increasingly complex global landscape.

Next, let's explore the context and core principles of Modern Monetary by examining its historical roots, key tenets, and the theoretical underpinnings that differentiate it from classical and Keynesian economic thought.

The Context and Core of Modern Monetary Theory

Modern Monetary Theory (MMT) emerges from the works of economists like Warren Mosler, Randall Wray, and Stephanie Kelton. These scholars, building on the foundations laid by earlier thinkers such as Abba Lerner and Hyman Minsky, have crafted a framework that reevaluates the function of money in a sovereign economy.

Historical Background

MMT is not a product of recent economic crises alone but a response to a longstanding observation about the inherent capabilities of sovereign states regarding currency issuance. The theory draws heavily on the concept of chartalism, which posits that money's value derives primarily from its acceptance in paying taxes mandated by the state. This perspective is critical as it shifts the focus from viewing money merely as a medium of exchange to a legal and social tool that a government can manipulate to achieve economic objectives.

Key Principles of MMT

At its core, MMT revolves around several key principles that set it apart from traditional economic theories:

1. **Sovereign Currency Issuance**: Governments that control their currencies can create money and need not rely on taxes or borrowing to finance spending. Hence, the real limits to spending are not budget deficits but inflation and the availability of economic resources.
2. **Role of Taxes**: In MMT, taxes do not fund spending but serve to control inflation, manage public demand, and redistribute wealth, which supports economic stability.
3. **Unemployment as a Policy Choice**: MMT argues that unemployment results from the government's failure to provide enough spending. It advocates for a Job Guarantee (JG) program that would ensure full employment by offering a job to anyone willing and able to work, thus functioning as an automatic stabilizer for the economy.
4. **Debt and Deficits**: Deficits are seen not as harbingers of doom but as tools for achieving fuller employment and more robust economic activity, as long as they do not generate inflationary pressures beyond control.

MMT's View on Money

Central to MMT is the understanding that money is a public monopoly. By controlling the supply of money, a sovereign government can ensure demand for that money by requiring it for tax payments. This control over currency allows the government to operate vastly differently from households or businesses, debunking the common analogy that government budgets should be managed like household finances.

These foundational ideas of MMT challenge many conventional notions about public finance, particularly the fear of deficits and an overemphasis on maintaining a balanced budget. The traditional view often portrays government spending as inherently limited by revenue, a concept MMT rejects in favor of a more dynamic interaction between monetary issuance and economic capacity.

As we consider these deviations more closely, it becomes apparent how MMT represents a significant shift from conventional economic paradigms. Let's explore this divergence in the following section, examining how MMT contrasts with classical and Keynesian theories and why it argues that a new approach is necessary to address contemporary economic challenges.

Deviation from Conventional Economic Paradigms

Modern Monetary Theory (MMT) represents a significant departure from the mainstream economic theories that have dominated fiscal policy for decades. The contrast is particularly stark when MMT is compared to classical and Keynesian economic doctrines, both of which have shaped the thinking around government budgeting, spending, and debt management.

Comparison with Classical and Keynesian Economic Theories

Classical Economics often posits that markets, if left to their own devices, naturally progress towards equilibrium where resources are efficiently allocated without government interference. Government deficits are viewed negatively, as they are believed to lead to higher interest rates that crowd out private investment.

Keynesian Economics, while advocating for active government intervention, especially in times of economic downturns, still holds concerns about long-term government borrowing. Keynesians support using fiscal and monetary policy to manage economic cycles but typically emphasize the need to balance budgets over the long term.

In contrast, **MMT** challenges these perspectives with a few core assertions:

- **Deficits as Functional Tools:** Unlike classical and Keynesian views that regard deficits primarily as a last resort or necessary evil, MMT sees them as proactive tools to manage economic output and employment levels effectively. MMT argues that deficits are not inherently problematic as long as they don't cause inflation to spike uncontrollably.
- **Financial Sovereignty:** MMT emphasizes that countries that issue their own currencies can never "run out of money" the way a household or business can. This capability allows such governments more leeway to spend on public services and welfare without the constraints of having to first raise revenue through taxes or borrowing.

Critique of Conventional Wisdom

MMT critiques the conventional economic wisdom that equates national economic management with household budgeting. This analogy is misleading because it ignores the capacity of sovereign currency issuers to print money. Households cannot issue their own currency and hence are not valid comparators for sovereign governments in this respect. By dispelling this analogy, MMT opens the door for a broader understanding of fiscal policy's potential and its impact on the economy.

This critique extends to fears around debt and deficits, which MMT argues are often overblown in mainstream discussions. Traditional theories warn of the dangers of high debt-to-GDP ratios, suggesting such conditions could lead to economic instability or crises. MMT counters this by arguing that as long as a nation's debt is in its own currency and it controls inflation, the debt levels are sustainable and can be a tool for economic growth rather than a hindrance.

Through these critiques and contrasts, MMT not only provides a different understanding of economic fundamentals but also suggests a radical shift in policy-making. It asserts that the primary economic constraints are resources and inflation, not deficits and debts, shifting the focus from financial metrics to real outcomes in the economy.

As we explore deeper into the practical applications of MMT, it becomes clear how this theory could serve as a transformative approach to solving persistent economic problems such as unemployment and stagnation. In the next section, we will explore how MMT can be applied as a solution to these economic challenges, highlighting its implications for public policy and economic stability.

MMT as a Solution to Economic Problems

Modern Monetary Theory (MMT) offers distinct policy applications that could effectively address some of the most pressing economic challenges today, such as unemployment, inflation, and inadequate public services. By redefining the use of fiscal tools, MMT provides a pathway to utilize government capabilities more fully to promote economic stability and growth.

a. Addressing Unemployment: The Job Guarantee (JG) Program

One of the most innovative aspects of MMT is its proposal for a Job Guarantee (JG) program. This policy would offer a public service job to anyone who is willing and able to work but cannot find employment in the private sector. These jobs would be paid at a living wage and provide meaningful work that addresses community needs and public goods—from infrastructure to education and environmental conservation. The JG acts not only as an economic stabilizer by providing income to those who would otherwise be unemployed but also helps maintain price stability by regulating aggregate demand.

b. Inflation and Fiscal Policy

Contrary to the traditional view that links government spending directly to inflation, MMT posits that inflation risks are primarily due to resource constraints—not merely the result of increased money supply. Therefore, MMT advocates for managing inflation through fiscal policy, such as taxation and controlled spending, rather than solely relying on monetary policy tools like interest rate adjustments. This approach allows for more direct and effective management of economic variables impacting inflation.

Public Policy Implications

Implementing MMT would have profound implications for public policy:

- **Healthcare and Education:** With financial constraints relaxed, governments can invest more heavily in public goods such as healthcare and education, ensuring that these essential services are accessible to all, which would improve overall social welfare and economic efficiency.
- **Infrastructure:** Increased spending on infrastructure could stimulate economic growth while upgrading the nation's physical framework, making it more resilient to economic pressures and enhancing productivity.
- **Social Equity:** By directly addressing unemployment and improving public services, MMT can help reduce social inequities, providing a more balanced economic growth that benefits a broader segment of the population.

While MMT is particularly applicable to sovereign currency issuers like the United States, Japan, and the UK, its principles also offer insights for developing countries and those without full control over their currency. Even these nations can explore aspects of MMT by managing their currencies more strategically and negotiating trade and debt terms to better support their economic agendas.

MMT in Practice: Hypothetical Implications for Malaysia's Economy

Imagine a scenario where Malaysia, leveraging Modern Monetary Theory (MMT), decides to embark on a transformative economic policy shift. This hypothetical application of MMT could fundamentally alter how Malaysia addresses its economic challenges, such as fluctuating oil prices, high unemployment rates among youth, and significant regional economic disparities.

Harnessing MMT for Malaysian Economic Reform

Revamping Fiscal Policy: MMT provides Malaysia with a theoretical framework to reassess its reliance on traditional revenue streams like oil exports. Instead, it could focus on direct government spending fueled by currency issuance, especially in underdeveloped sectors and regions. This spending would not be constrained by the usual fears of increasing national debt under MMT, as the theory suggests that as long as such spending does not exceed the economy's capacity to absorb it (thus causing inflation), it is sustainable.

Addressing Unemployment through a Job Guarantee (JG): Malaysia could implement a JG program targeting sectors with high potential for growth and societal benefit, such as sustainable agriculture, renewable energy, and digital infrastructure. The JG could particularly focus on youth and long-term unemployed individuals, offering them training and employment in projects that are essential for the country's strategic development goals.

Hypothetical Policy Applications Derived from MMT

- **Sustainable Infrastructure Development:** By issuing currency, Malaysia could fund large-scale infrastructure projects without the immediate need for foreign investment or loans. Projects could include upgrading public transportation systems to reduce congestion and pollution, or enhancing digital infrastructure to support the tech industry and e-government initiatives.
- **Enhanced Social Services:** MMT would allow Malaysia to significantly increase spending on healthcare and education without the trade-offs typically required by budget constraints. This could mean better facilities, more healthcare professionals, and comprehensive coverage in rural areas. In education, it could translate into higher salaries for teachers, better school facilities, and more funding for research and development in universities.
- **Regional Economic Balance:** Through targeted fiscal policies, the Malaysian government could address regional disparities by channeling funds into less developed states, stimulating local economies and reducing migration to urban centers. This could involve developing local industries, such as eco-tourwell as providing incentives for businesses to set up operations in these areas.

- **Inflation Management:** While MMT downplays the risks of inflation from increased government spending, it does not ignore them. Malaysia could use targeted taxes or savings instruments to withdraw excess money from circulation to control inflation, particularly in sectors where rapid price increases might occur.
- **Public Sector Expansion:** With increased fiscal capacity, Malaysia could expand public sector employment, offering more competitive wages and benefits. This would not only reduce unemployment but also raise the standard of public services.

An Analogy

Imagine Malaysia as a vast, sturdy ship navigating the global ocean. This vessel, representing Malaysia's economy, is equipped with an array of resources such as a diverse population, rich natural resources, and a strategic geographic location. However, like any large ship, it must be properly managed to maximize its potential and ensure it does not drift off course.

The Crew: Government's Role

The crew, led by the captain (the government), has traditionally operated under the assumption that the ship's journey must be meticulously planned based on the amount of fuel (revenue) available. They have been cautious, sometimes overly so, worried that running out of fuel could strand the ship. This represents the conventional economic approach where fiscal spending is tightly controlled to avoid deficits and debt.

The Engine: The Monetary System

Under MMT, the crew learns that their ship is equipped with a more capable engine than they previously thought. This engine can produce its own fuel, meaning that as long as there is capacity in the engine (the economy) to handle the production, the ship can essentially keep moving forward without the traditional fear of running out of fuel. The engine's capability to produce fuel symbolizes the government's ability to issue currency and spend into the economy without needing to collect equivalent revenue in taxes first.

Navigation Tools: Economic Policies

The crew uses sophisticated navigation tools to monitor the ship's performance and the ocean's conditions. These tools can be likened to the economic indicators and policies used to manage inflation and ensure that the engine is not overloaded. If the engine runs too hot (the economy overheats and causes inflation), the crew can adjust by slowing down the fuel production (pulling back on spending) or by using other mechanisms like increasing taxes to pull some fuel out of the system (withdraw money from the economy).

The Journey: Development and Growth

With this newfound capability, the vessel can embark on longer and more ambitious journeys. These could include reaching remote areas of the country that require development, similar to how targeted government spending could develop rural or underdeveloped regions in Malaysia. The crew can also decide to accelerate when necessary,

such as during storms (economic downturns), using more fuel (spending) to keep the ship stable and moving forward.

Potential Hazards: Inflation and Resource Limits

While the ship has a nearly unlimited supply of fuel, it is still constrained by other factors like the capacity of the engine and the conditions of the sea. Similarly, while MMT provides a framework for more expansive fiscal policy, it requires careful management to avoid overheating the economy. The crew must be vigilant, ready to adjust the controls as needed to maintain a balance between growth and stability.

Conclusion

This analogy illustrates how MMT could empower Malaysia to navigate its economic challenges more flexibly and aggressively. It shows that with the right management, the risks of running out of fuel (incurring unsustainable debt) are mitigated by the ability to control the fuel supply (monetary issuance). The journey is not without risks, but the potential for reaching new horizons (economic growth and stability) is significant, provided the crew remains attentive and responsive to the ship's needs and external conditions.

Going Green, The Right Way

Elisha Patmon | Youth Lead KSI

Our planet is under duress from human activities, and the effects of climate change are becoming increasingly impossible to ignore. Scientific research presents a stark reality with predictions that often feel like a looming catastrophe. Headlines emphasize irreversible changes and forecast a bleak future, making the challenge appear insurmountable at times. The reliance on governmental bodies to address these monumental issues, such as climate change, highlights a critical gap in our collective ability to effect meaningful environmental reform at the grassroots level.

While individual actions like reducing meat consumption, using public transportation, and curbing overall consumption are steps in the right direction, they barely scratch the surface of the larger, more impactful measures needed. The core of the problem lies in large-scale industrial emissions and entrenched practices that are not easily altered by individual choice alone. This realization can lead to a sense of helplessness about the environmental degradation that threatens our existence.

Amidst the dialogue on limitations and small-scale initiatives, this article proposes a focus on a transformative approach that may not be at the forefront of current discussions but has the potential to redefine our environmental impact: green architecture. This concept extends beyond superficial implementations, like aesthetic vegetation on buildings, to a fundamental philosophy that integrates sustainability with innovation in architectural designs.

In Malaysia, the pressing need for sustainable architectural practices is underscored by the country's geographical and climatic challenges. Positioned on the equator, Malaysia faces unique vulnerabilities, including extreme heat and heavy rainfall, exacerbated by global warming and phenomena like El Niño. These conditions make the adoption of green architecture not just beneficial but essential for the country's future resilience and sustainability.

The concept of green architecture encompasses more than just energy-efficient buildings or eco-friendly materials. It represents a holistic approach to constructing and retrofitting spaces in ways that conserve energy, reduce carbon footprints, and enhance human well-being. This strategy aligns with the global shift towards sustainable development and offers a hopeful pathway to mitigate environmental impacts effectively.

Innovative Green Architecture Initiatives in Malaysia and Beyond

- Malaysia’s Yayasan Hijau takes a pivotal role in promoting green architecture among the youth through its Greening Malaysia campaign aimed at planting 100 million trees. This initiative serves as an educational platform and a practical demonstration of sustainable practices. The foundation has integrated environmental education within schools, orchestrating activities like science weeks and green carnivals, which not only teach but actively engage students in sustainability efforts. Such initiatives highlight how community and educational programs can foster a deeper understanding and commitment to green practices among the younger generation.

- The Green Industry MyHIJAU Project is an example of strategic policy implementation in Malaysia. It provides guidelines and support to industries such as construction, manufacturing, and forestry to adopt green practices. By offering the MyHIJAU Mark, an official recognition for green products and services, the project incentivizes companies to integrate sustainable practices into their operations. This approach not only helps reduce environmental impact but also sets a benchmark that encourages industries to pursue innovation in green technology.
- In the heart of Kuala Lumpur, a shift towards incorporating green architecture principles in urban development can be seen in how new commercial spaces are designed. Instead of conventional mall constructions, there is a growing emphasis on integrating sustainable elements such as energy-efficient systems, green roofs, and spaces that promote social well-being. These malls are becoming community hubs where sustainability is as much a part of the architecture as it is of the consumer culture, demonstrating the economic and social benefits of green building practices.
- Internationally, there are numerous examples of how green architecture is being implemented in residential projects. Innovations include the integration of solar power systems, sustainable building materials, and designs that minimize environmental impact while maximizing energy efficiency. For instance, sustainable housing developments in regions like Scandinavia utilize advanced technologies and community planning to create homes that are nearly self-sustaining. These examples serve as inspirational models for Malaysia and other countries looking to expand their green architecture efforts.

These case studies illustrate the multifaceted approach required to implement green architecture effectively. From educational initiatives and industry standards to urban development and residential housing, each example offers insights into the practical application of sustainable practices. The success of these projects demonstrates the potential impact of green architecture on national and global scales, emphasizing the importance of adopting these practices in the face of climate change challenges.

Strategic Policies to Foster Green Architecture

As we have seen, green architecture can significantly impact environmental sustainability and economic development. However, the transition to widespread adoption requires comprehensive policy support that encourages innovation, ensures compliance, and facilitates education and community engagement. Below are key policy recommendations designed to promote and implement green architecture more broadly:

- Government incentives can be pivotal in promoting green architecture. Tax benefits, such as the Green Investment Tax Allowance and the Green Income Tax Exemption, have proven effective in motivating businesses to adopt green technologies. Expanding these incentives to cover a wider array of green building practices and including smaller scale residential and commercial projects can significantly increase the rate of adoption. Furthermore, subsidies or reduced rates for building certification processes can make it more accessible for projects of all sizes to aim for green certification standards like the MyHIJAU Mark.
- Updating building codes to require or highly encourage energy-efficient designs and the use of sustainable materials is crucial. Implementing rigorous green standards in the planning.

- Continuous education on the benefits and practices of green architecture is essential to cultivate a culture of sustainability. Initiatives like those led by Yayasan Hijau should be expanded and supported with resources to reach a broader audience. Educational programs targeting professionals in the building and design industries, as well as the general public, can demystify green practices and showcase their benefits. Hosting exhibitions, workshops, and tours of successful green projects can serve as powerful tools for raising awareness and inspiring action.
- Investing in research and development can drive innovation in green building technologies and methodologies. Government grants and funding for R&D can help universities, research institutions, and private companies develop more effective solutions that lower the cost and improve the efficiency of green buildings. Partnerships between academic institutions, industry, and government can also foster an environment of innovation that leads to new sustainable building materials and technologies.
- Engaging communities in the planning process of new green projects ensures that the developments meet local needs and are supported by those who are most affected. Community input should be sought in the early stages of planning to incorporate local knowledge and preferences, which can increase the success and acceptance of green architecture projects. This approach also promotes social cohesion and ensures that the benefits of green buildings—such as improved air quality and enhanced communal spaces—are realized and maintained.

By implementing these policies, governments can facilitate a transition to a more sustainable architectural landscape. These measures not only support the environment but also provide economic benefits through job creation in new green industries, increased property values, and reduced operational costs. The path forward requires a committed partnership between government entities, businesses, communities, and individuals—all working together towards a more sustainable and resilient future.

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