

HIGH INCOME ECONOMY

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1. The Prime Minister has announced that Malaysia should develop into a high income economy. In the past we had stressed low cost because we wanted to attract Foreign Direct Investment through low wages for our workers. That was a good strategy because we were trying to solve our high unemployment problem.
2. We were so successful in creating jobs that we have to import foreign labour. We were effectively helping to solve the unemployment problem of other countries.
3. Our cost of labour is now higher than our neighbours and of course against China and Vietnam. There is no way we can compete with them. If our labour cost increases further, especially if we want to have a high income economy, we can no longer compete for FDI, at least the labour intensive ones.
4. When we increase incomes it will not be only wages and salaries which will increase, profits as income must also increase. Government can quite easily pay high salaries and wages. But even for the Government the money must come from somewhere.
5. Unless Government revenues increase, the money will have to come from reduction in development expenditure. This may not be welcomed by the people.
6. For the private sector the money can come from more efficient management, higher productivity through more efficient output by workers or through investments in better machinery and equipment. Almost invariably the higher wages and salaries will increase cost and therefore the prices of goods and services.
7. Higher income will therefore result in higher cost of living. This will reduce the purchasing power expected of higher incomes. This would be meaningless unless the increase in cost of living will be less than the increase in incomes.
8. Unless the increase in incomes is properly managed, it will not enrich the people in terms of purchasing power. As the cost of living rises, the increases in income may not purchase more than what the previous lower income would. Indeed it may be possible that the increases in income will actually purchase less goods and services than the previous low income.
9. We see today the purchasing power of the developed countries with much higher income than us. The United States is said to have a per capita income of USD36,000, roughly five times Malaysia's USD7,000 per capita. But the people are not five times richer than Malaysians in terms of purchasing power. In fact in certain cases the purchasing power is the same as Malaysians. According to the McDonald's Hamburger Index, the Ringgit is the same as the US Dollar in purchasing McDonald's hamburger - one Ringgit will buy in Malaysia what USD1 will buy in the US.
10. Clearly the increased income in high-cost countries does not give an increase in purchasing power equal to the increase in income as compared to low-cost countries. It is important that the Malaysian public understand this.
11. Malaysians are very sensitive to price increases, in many cases illogically. When crude

oil increased in price from USD30 per barrel to USD140, Malaysians expect the pump price of petrol to remain the same. This is illogical. Surely the increase in crude price will be reflected in the retail petrol price.

12. The Government can subsidise. But when Government subsidises it must tap the money from other allocations. Perhaps it can use the extra profits from the sale of Malaysian crude in the market. But this would not be enough as we consume three-fourth of our oil and sell only one quarter. From the sale of one quarter of our oil, we cannot fully subsidise three quarters that we sell at the old price.

13. There must therefore be an increase in the price of retail oil. Malaysians must accept reasonable price increases when incomes and profits are increased on our way to becoming high-cost developed country. There is no way we can continue to enjoy low cost of living while we ensure we earn high incomes.

14. A high-income economy must therefore also be a high-cost (of living) country. But with good management the high incomes would increase our purchasing power to some extent, especially in the purchase of imported goods and services and when traveling abroad. There should be also a certain increase in purchasing power in the country. In effect despite higher cost of living we will still enjoy higher purchasing power and a higher standard of living.

15. I am all for the Government's high income policy. My worry is that the people may expect high income without the accompanying high cost of living. It is better for them to be forewarned.

32 Comments

By superyusrie Author Profile Page on October 27, 2010 6:00 PM

Hahaha...I was gonna say something about this. Turns out it's Tun again that breaks the ice first. Yep, this is definitely something that needs to be looked into by the current government. It's not as easy as saying : "I want a high income nation" and kaboom! the whole thing changes overnight ! There are micro issues that need adjustments. To me, it basically boils down to being able to reap the natural bounties of God the best intelligent way you possibly can. Being a very resource rich country like ours, its only natural that the chance of attaining "high income with low inflation" economy is much better than say...a country deprived of such bounty, like that little neighbour of ours down south! Provided of course we know just how to fully manipulate our wealth to our advantage. Creating new labour paradigms and new technologies to improve the way we produce things will eventually translate into higher returns for lower expenditure. Make full use of technology, multimedia for fast communication that will reduce cost, mechanization in agriculture, more effective methods for the fishing and aquaculture industries, new way of cattle breeding, intelligent exploitation of the jungles riches, new wealth in biotechnology exploration (both for food & medicine), exploring solar energy and renewable energy sources. These are all means of reaping maximum output at lower input which will eventually translate into higher income for our society. Yes, better productivity with easy executions and less spending in short. If possible, even the garbage collector should be able to do his job smelling like a million bucks at the end of his work day ! hehe ;D High income society however, does not mean everybody, young and old working their way to a prime minister's job or that the country will eventually be deprived of janitors and garbage collectors ! You can only find that kind of society in heaven, I believe. ;P

By aly Author Profile Page on October 27, 2010 4:50 PM

Dear Tun and all,

I would like to comment on the first reply:

Why did you say Tun didn't tell the truth?.. I could see that he has said everything... without backing the government.

You said that Tun didn't mention about inflation, but only tell about high cost of living.

Inflation is the situation when the prices of goods and services go up, which means cost of buying things would be higher. So, what's the difference?..

Please read all of Tun's posts before blaming on him. This post is the continuation of many more related topics previously. And again, he has mentioned about so many other things including indirectly advising the government on what he thinks the right way to lead the country.

Don't ask him to advise the government anymore...he had done so many things to the government and now he is still writing for us so we could know what is on his mind. You can ask the government to appoint him as our country's advisor like our neighbour...but I don't think he will agree.

Please think before you throw your comments on a respected world class economist!
By checkerAuthor Profile Page on October 27, 2010 4:19 PM

Salam Tun & fellow bloggers,

It seem majority of CheDet's bloggers (as to-date)are not in favour of the proposed "high-Income Economy" to be adopted. This is a clear message from the people. I am really concerned where we are heading.

May Allah bless & protect us, ameeen.
By malaysian malaysAuthor Profile Page on October 27, 2010 3:30 PM

salam Tun,
semoga sihat2 selalu dari anakanda di Pulau Pinang.

Tun, saya cuma mahu MENGADU tentang perkembangan terkini berkenaan IFF (Islamic Fashion Festival) yang diadakan baru2 ini dan tentang rancangan terbaru kerajaan untuk menambah kelab2 malam dalam usaha menjadi hub hiburan malam sebagai menarik pelancong ke negara kita.

Saya amat kecewa dengan perkembangan semasa ini dan saya jangkakan sebagai umat Islam, pasti ramai yang akan membantah rancangan ini dan menunjukkan kesannya di dalam pilihan raya umum seterusnya. Saya sayang barisan nasional terutamanya UMNO dan saya harapkan barisan nasional dapat mengekalkan pemerintahan pada penggal seterusnya, tapi saya bimbang dengan pendekatan terbaru kerajaan sekarang akan membawa kesan yang buruk.

Bantulah kami Tun,
Bantulah UMNO,
Bantulah Barisan Nasional,

Buatlah sesuatu agar Malaysia tanah air tercinta ini akan maju dengan acuannya sendiri, bukan mengikut Barat. Isu agama Islam adalah lebih sensitif berbanding isu perkauman. Tun sendiri mengetahuinya.

Salam,
Malaysian Malays
By parameswara 2Author Profile Page on October 27, 2010 3:08 PM

Dearest Tun

So Najib is considering to call for PRU13 already, so fast? Although I personally think he shouldn't rush it would also be unwise to let the impending economic calamity come first which will then make all his talk about a high income economy a great joke. Nonetheless my sincere recommendations to ensure Najib can help pull the BN through with a 2/3 majority:-

1-First and foremost concentrate on the Malays.If the Malays don't buy you,forget the non Malays.One Malaysia has been confirmed by Najib a rhetoric, as special privileges is irrevocable.So the non Malays only hope now is with the opposition.Maybe Karpal Singh knows better.Even if he is only lying no one would know until the day they actually try it, so there is still a hope.

2- Go down to the streets and meet the honorable laymen regularly.To show respect dress and speak like a layman .At the moment think low income first.Go check the overhead bridges ,walkways and other public amenities esp those near Chow Kit and see for himself just how horribly clean these places are serving his people. Surprise check the services of the public transportation system, personally once in a while and regularly through reliable spies...and make this a habit.

3- Be the imam for Friday prayers once in a while at Putrajaya mosque or national Mosque.If he can give the sermons live telecast to the whole nation now that would be awesome for him.The Malays still have a soft spot for a leader who can lead congregational prayers.That's how Anwar can be so 'suci dalam debu' to the Malays.This was one of Pak Lah's few strength that I know..

4- Do not ever do the ' I help you,you help me 'nonsense esp at these coming by elections ceramahs. And it will be wise to keep these people as faraway from ceramahs as possible too- ROSMAH,PAK LAH,KHAIRI,NAZIR,ASTRONAUT MALAYSIA.Make use of these by elections to sell the ETP and high income economy with all their hearts and soul to gauge whether the people on the streets really trust their vision so that we shouldn't postpone the PRU13.

5- Mainstream media to be fair to both sides ,lets 'shock and awe' the voters with this maturity. Live TV debates between the leadership of the parties involved on selected issues (Anwar vs Najib..maybe the whole world may want to watch).We don't want the Rakyat to boycott the mainstream media and rely only on the alternative media,do we?

6- This thing should not be talked about until after election ,the Idris Jala Vision 2018 and the subsidy cut matters,let alone do any actual cuts.We Malaysians are extra allergic to this subject.

7-Things to invoke the Official Secrets Act to stop people from discussing (a) the new Istana Negara at Bukit Duta that cost almost RM800 million although we already have a huge Istana Melawati at Putrajaya (b)about Scorpene the submarine or (c)Tanjung Pagar surrender to Singapore.Is the OSA still in force?If not bring it back.

8- Please remind Najib try not to raise his voice too much in his election ceramahs as though the listeners are deaf.Its not inspiring but mostly annoying.Tun can't you coach him a bit.His nemesis Anwar speaks so beautifully,gentle at times,suspense at other times,hilarious almost all the time and when the people are all already in his grasp,then only will he painlessly fixed the rope on their noses.

9-To get to these ceramahs BN PEOPLE should drive laymen cars like PROTONs,PERODUAs or small cheap foreign cars.But if they can ride bicycles or the Kap chais that'll be a bonus.

10- Oh yes..Get Musa and gang sacked from SIME and pretend to be tough with the management of other loss making GLCs.It'll be great if Najib can announce that all dealings with Govt will be by open tenders only if it is not yet done,and with immediate effect announce there will be no more need of management companies/middlemen who don't value add anything at all to be involved in such dealings.

11-I know its very risky but it will win over the atas pagar people who wants to see a true UMNO transformation.How come we don't hear about the fight against politik wang anymore?Bring this issue back less the rakyat will think that Najib himself pun 'bergelumang dengan taik' that's why the silence.

12-Last but not least,Najib must work and pray very very hard.All the best from me.I hope he can try to convince me to support BN.

Thanks Tun.

By odysseusAuthor Profile Page on October 27, 2010 1:39 PM

One point I strongly disagree is the McDonald's Hamburger Index that Tun mentioned - One Ringgit will buy in Malaysia what USD1 will buy in the US.

This is not true at all. Having been staying in US for a few months, I notice that the cost of living in US is quite low for US citizen: Big Mac is only around USD3-4, car is around USD10k, landed link house is around USD200k, bread is aound USD1. Other daily groceries are also much cheaper if compare dollar to dollar to MYR.

And the same profession such engineer is earning the same amount of salary dollar to dollar compare to Malaysia. In US, an engineer can buy a Toyota Corrola in 6 months after graduate but in Malaysia, it takes 6 years. It takes 20 years to payoff a house loan in US but it takes 2 generations to payoff house loan in Malaysia for the same size of landed property.

For that reason, even only husband is working, the whole family can live comfortably. This doesn't applies in Malaysia where both husband and wife have to work to make ends meet.

The high cost of living in Malaysia is driving a lot of professionals to either work in Singapore or oversea.

By waktukitaAuthor Profile Page on October 27, 2010 1:06 PM

salam Tun,

i'm was studied about the good governance...so why don't we applied in our countries..because of from here we as 'rakyat' know the flow of the government.that is because of our countries not very clear about the good governance in our local government.

regards,
waktukita

By jaliil7Author Profile Page on October 27, 2010 12:16 PM

Salam Tun,

i would agree to your entire blog on this subject. i wish to add as follows :-

1) moving from low income to high income requires plenty of additional knowledge from the workers and management. this is not at all addressed by the government. it worries me to feverish levels.

2) the gov only addresses security, economics and opportunities. i am afraid even given such huge opportunities, the same ordinary people whom are without much skill cannot really benefit. the disparity between rich and poor will only widen.

3) it looks to me like the game will be the same. the pure lobbyists will benefit most, the skilled people left or pushed behind curtains, and the normal workers told to work even harder. the net effect is actually a worse economic climate than before. it may lead to a downfall of the gov if the gov does not pay speedy and close attention to this.

4) to achieve this high income, a revolution in thinking is required. there is a need to be knowledge led. but there is no effort in this direction at all. it is 'assumed' we have a pool of people to do it. i hear the gov say 'increase/enhance' human capital. what on earth is that exactly ? what are the programs ? will they

work ? is the right emphasis given ?

5) many of the older generation management does not want to give up, and rely on their age advantage to 'rule'. this does not provide a competitive environment.

6) it is extremely difficult for one to admit that he or she does not know or out of touch with progress. given the pace of advancement in science and technology, what we used to know over ten years ago is today is easily obsolete. this principle applies throughout the organisation, from management down to clerical level. an inefficient clerk contributes significantly to the lack of performance in a company. a high income economy requires high performance companies and organizations.

7) in this era, it is only those who have strong fundamentals and continue to pursue knowledge who will remain strong and mentally sharp. this i would estimate at roughly 20% of people above 60 years of age.

8) the remaining 80%, the 'rethorics', should retire. they have contributed, have done well, deserve to be respected and cared for, and should really benefit from their hard work in a retirement home by the sea side.

9) the top 20% aggressive and sharp elderlies will no doubt be sought after for advise, wisdom, foresight, and even capital. these are the people who actually hold the entire framework together.

10) i remain a little skeptical on this high income tone, because i realise it is the same people still running various organisations and companies and with the same workers. on what basis do we hope for different results with the same captains ?

short of a cultural revolution, i do not think it is not going to happen they way we think it will. but there is still time and i hope what i highlighted is acknowledged. i keep my fingers crossed.

By ben limAuthor Profile Page on October 27, 2010 7:53 AM

Selamat Sejathera Tun

I am very disappointed with Tun comments on "High Income Economy" dated 26th October 2010. According to Tun, high income economy will usually follow by higher living costs and therefore, Malaysians should expect their purchasing power will eventually reduce.

I think Tun did not tell us the truth. Actually it is not "purchasing power that reduces" when general income increase drastically but rather high inflation is going to happen to our country. I will say "The higher income economy policy that the Government prepares to implement is NOT a real higher income economy policy". A real higher income economy will not create inflation situation. The higher income economy policy that Government prepares to take is to issue more projects and increase government monetary spending. This kind of policy, of course, can boost the economy very fast and provide huge income. But at the same time, it will create inflation. Therefore, instead of saying our Malaysians purchasing power will reduce, we should say "There will be huge inflation going to happen in Malaysia over the next 10 years". When inflation comes, of course our purchasing power will reduce. Purchasing power reduce is mainly due to inflation. Everybody knows inflation is not good.

A real improvement of individual income should come from huge improvement of exports over imports. Or if this is not possible, then we should combine with the efforts to improve our investments in overseas or cross border investments which will bring us a lot of profits back to Malaysia and improve our country

reserves and individual income. But what the Government prepares to do now is to boost the spending and hope this will improve the Malaysian income. If some mistakes make in between, then we may face uncontrollable inflation disaster. As discussed and voiced out by many people in Tun blog over the years, not everybody want to become very rich and crazy for development. Right now we are not like in 1997-1998 where we had no choice but to take the risk on Selective Capital Control. My feeling is that our Government is taking some very high decision on this 'high income economy policy' just to gain everybody heart and support for the next general election. This kind of act is like the old saying "cuba cari ketul dalam telur".

Therefore, I think Tun instead of warning everybody that we must expect and accept higher costs of living and lower purchasing power in the process of getting higher income, I think Tun should:

1) Advise the Government so that they will not be over-approving and over-spending until it collapses the whole monetary system and creates uncontrollable inflation like what happen in Argentina and some South American countries in end 70s and beginning of 80s. It is amazing to hear our Government is pushing 1.3 trillion economy package out but the question is on what basis and how?

2) To advise Government not to over depend on approving projects to certain powerful quarters in order to gain their support in the next general election. Obviously this higher income economy policy is political motivated and hope to gain Malaysians supports. But if the Government and certain top level official misuse the policy, then it will become disaster because only certain powerful political quarters become rich and Malaysians income in general will not improve. If this happens, then the whole objective of gaining Malaysians support will not deliver.

3) While we hope to achieve one of the important target under Wawasan 2020 (improve Malaysian income and truly become a developed country with an average income of Usd15,000) but the method we are taking now may not be proper enough (ie. not enough safety precautions undertaken).

Personal Opinion:

Personally, I do not agree with this kind of high risk decision making by the government just to gain Malaysians support and out do the opposition. This is too high risk to take unless we fully understand how the Government boosts the spending power (like 1.3 trillion for such a small economy in Malaysia).

As usual, as a normal citizen, we can't do anything to change the decision as we have no power to influence or change any decision that the Government has taken. So we can only pray hard that the higher income economy policy will work and good luck to everybody. Thank you.

Best Regards

Ben Lim

By checkerAuthor Profile Page on October 27, 2010 2:35 AM

Salam Tun & Fellow bloggers,

I am no expert in economics but I made observation and concluded that the best way to progress is keeping in balance. There are so many factors involved that we cannot just focus on a few, leaving others in lingo. All those factors must move forward in tandem otherwise we will soon face serious national problems. I would prefer to see moderation, kaizan (little by little improvement) concept, slow & steady approach. Going in fast lane will invite high risk. Hectic rat race will cause unhappiness and stress in people life that will subsequently lead to you know what.

Case 1 : Tun once professed that the national development can be easier achieved through industrialisation and that must be accompanied by having large domestic consumption. That led to the policy of having 5 children in a family. What is the situation now?

Case 2 : LKY once believed that Singapore can achieve a fully developed nation by ensuring of having smart parent to produce intelligent child (to create super race) and adopt the only 2- children in a family

policy. That didn't go down well as expected but the reverse happens that many graduates do not want to commit to early marriage and having children because of the pressure and that too costly to bring-up children. Now the new problem come up - negative growth.

Actually there is no specific model to be adopted in order to achieve fully developed nation, high income status or call it by any other names. It will fail if we do not keep it in balance, moving in tandem, slow and steady sort of approach. The cut and paste method too will not solve the problem. The answer lies with prudent government policy and productive, efficient & effective administration with high commitment and integrity. That calls for stable government with strong leadership and the current situation in Malaysia is rather worrying.

May Allah bless and protect us all.

By Ir. SyahrizanAuthor Profile Page on October 27, 2010 1:26 AM

Dear Tun,

You're saying...

Low income = high cost of living.

and

High income = higher cost of living.

So what other choice do we have?

Is the 'rakyat' destined to be forever slave to this economy manipulation and mismanagement?

It is so obvious that the current government (including the government you lead previously) did not do a good "managerial" job managing the country's economy.

Which means, the 'rakyat' will be left with only one choice;

We will have to change the government in the next G.E.

By squall_shinodaAuthor Profile Page on October 27, 2010 12:49 AM

In my opinion, it's no use to be a so-called "high-income nation" if our cost of living becomes higher as well. If our salaries become higher but at the same time the price of food and goods become higher, then the salary rise is meaningless, as it sounds like a plus-minus-zero theory - we get salary rise, then the price hike fiesta, then it will be the same as no salary rise at all. When that happens, then it will only be a sign of a bad economy, as it may promote higher inflation rate and money devaluation.

To be a high-income society in real definition, there should be not only salary rise but also low goods price, low inflation rate, and high productivity at the same time. We may even need to change our lifestyle even when we are rolling in money - go to work by motorcycle or LRT, etc.

By milshahAuthor Profile Page on October 27, 2010 12:40 AM

Assalamualaikum Tun,

I too fully support the government good intentions for having a high income society. However, as Tun had pointed out, what good if we have a high income society, while at the same time cost of living also increases. The positive impact will be neutralised with the negative impact.

Just the other day, I met another friend of mine. I seem to be meeting a lot of old friends lately. This friend of mine had been living in UK for 4 years.

Anyway, he was saying to me how UK life was. The salary in the UK is not much different compared to

salaries in Malaysia. This means a clerk there earning GBP1,200, while in Malaysia a clerk would earn MYR1,200. The same goes for a manager earning GBP5k then in Malaysia the same manager would earn MYR5k. Having same salaries and wages between the UK and Malaysia means that the UK is not a high salary society.

Of course there was one "minor" difference. I was told to buy a loaf of bread over there is 5pence, a chicken 10 pence. What does this mean in Malaysia terms? It means if we compare dollar to dollar, a clerk in Malaysia earning MYR1,200 can actually buy a whole chicken for 10 cents. In the UK, with just GBP 20, you could buy a whole cart of food. We can safely say, although the clerk in the UK is only earning GBP1,200, he is actually a wealthy man indeed.'

In Malaysia a whole cart of food would cost around MYR400. That would leave the clerk MYR800 left (1,200 minus 400). With MYR800 there is also the rent to pay which cost another MYR400. Then there is the electric bills, the car loan installments, the parking bills, children cloths, toys, education expenses, etc.

In the UK, with just GBP10k you could buy a car. This means the clerk earning GBP1,200 could actually save money for 1 year and pay the car in cash. I was informed it was normal for a person in the UK to have 3 cars.

In Malaysia, the lowest car price (I think its the proton saga) is MYR 30k which will probably take 9 years for the clerk to pay. He would also incur interest expenses for the car loan so the proton saga he will actually paying is actually MYR60k.

The above is just to illustrate, although the government intentions is noble and good to raise the standard of living of the people, what would be more important is to increase the purchasing power for every Malaysian Ringgit earned.

The UK has no natural resources. That's why she had to venture out and colonise other nations to get natural resources like timber, rubber, gold, steel, etc. And yet, even without it's own natural resources the UK is able to provide lower priced products.

If the UK can do it, I don't see why Malaysia with abundant resources can't. Focus on increasing purchasing power instead.

By pakbelalang Author Profile Page on October 27, 2010 12:38 AM

Dear Tun,

For the benefit of others who are interested to know , I manage to extract from the internet the Legatum Prosperity Index for year 2010. Malaysia is in the 43rd position.

The Legatum Prosperity Index seeks to answer these two fundamental questions. Most people would intuitively agree that "prosperity" is not just about money but also about quality of life. The Index defines prosperity as both wealth and wellbeing, and finds that the most prosperous nations in the world are not necessarily those that have only a high GDP, but are those that also have happy, healthy, and free citizens.

World Top Ten Ranking:

- 1 Norway
- 2 Denmark
- 3 Finland
- 4 Australia
- 5 New Zealand
- 6 Sweden
- 7 Canada
- 8 Switzerland

9 Netherlands
10 United States

Regional Ranking:
Asia - Pacific

4 Australia
5 New Zealand
17 Singapore
18 Japan
20 Hong Kong
22 Taiwan
27 South Korea
43 Malaysia
50 Kazakhstan
52 Thailand
58 China
59 Sri Lanka
60 Mongolia
61 Vietnam
64 Philippines
70 Indonesia
76 Uzbekistan
88 India
91 Nepal
95 Cambodia
96 Bangladesh
109 Pakistan

MALAYSIA

Economy - Ranked 21st Malaysia's economy performs well and there is a high level of public confidence in the financial sector

Malaysia performs well on macroeconomic indicators. A below average inflation rate of 5.4%, and a high gross domestic savings rate of 42.2%, indicate a stable and flourishing economy, with the country placing 34th and 10th, respectively, on these variables. Malaysia places 14th in the world on unemployment, with an official rate of only 3.2%. It has corresponding good rates of reported employment: 54%* of the population reported having paid or unpaid work in 2009. The population has adequate* access to affordable food and shelter, placing the country 52nd in the world** on this variable. That GDP growth per capita increased by an average of 3.9% per year between 2004 and 2008, indicating steady growth and contributing to positive subjective assessments of the economy. Approximately 70%* of Malaysians are satisfied with their standard of living, 43%* believe the job market is positive, and an above average* number are optimistic about Malaysia's economy. The country's firms sell into a domestic market worth 123 billion USD, and an average of \$47,000 (PPP) in capital investment is available to each worker, placing the country in the top 45, internationally, on both of these variables. High-tech goods currently constitute two-fifths of Malaysia's total manufactured goods exports, the third highest in the world, and foreign companies continue to invest in the national market. Despite the fact that an above-average 4.8% of loans are non-performing, public faith in financial institutions remains extremely high, with 93%* expressing confidence in Malaysia's financial sector.

Entrepreneurship & Opportunity - Ranked 34th Malaysia's ICT infrastructure encourages commercial activity

Malaysia has a favourable environment for innovative activity, as revenues from intellectual property

currently bring in 199 million USD per year, the 29th highest rate in the world. Although only 1% of GDP is spent on R&D, Malaysia maintains a very high level of ICT exports, placing it fifth on this variable both globally and regionally. The number of secure internet servers is high, bandwidth capacity is good and there is approximately the same number of mobile phones as people. On the negative side, business start-up costs are above the global average at 12% of GNI per capita, and a 2009 survey revealed that only 71%* of respondents believed their city was a good place to start a business, placing Malaysia 65th on this variable. Economic development somewhat uneven across different socio-economic groups, placing 50th on this variable, yet 94%* of the population believe that working hard is enough to achieve success, which is the 13th highest proportion in the world.

Governance - Ranked 34th Objective and subjective indicators give a mixed account of Malaysia's governance

Malaysia places 72nd, globally, for the strength of its democracy. The bureaucracy is the 25th most efficient in the world; however, following a period of significant political unrest in 2008 the political system underwent substantial change. Political constraints do exist and help to ensure accountability, but competition in the legislative and executive branches of government, as well as regulation of executive power, is below the global average. However, despite these somewhat negative indicators, Malaysians are very satisfied with their government. In a 2009 survey, 88%* expressed approval of the government, and just over 70%* supported the country's efforts to address poverty and preserve the environment. Perceptions of corruption in politics and business are better than the global average*, which could be related to the above average rule of law in the country. On both variables, Malaysia places in the top 50 countries. Public confidence in the military and the judiciary are very high, the ninth* and 12th* highest in the world, respectively. This confidence is slightly surprising, given the restrictions placed on political rights in Malaysia. Only one out of 10* Malaysians voiced their opinions to public officials in the year prior to being asked; an extremely low rate, which places Malaysia among the lowest 15 countries in the Index. However, eight out of 10* believe that national elections are conducted honestly.

Education - Ranked 45th Limited enrolment at high levels means Malaysian workers are relatively poorly educated

Malaysia's educational system has near gender equality in primary and secondary schooling. Net enrolment at the primary level is high at 97%. Children also enjoy a low pupil to teacher ratio of around 16-to-one, the 28th best in the world. However, gross enrolment falls to a below average 69% at the secondary level and 30% at the tertiary level, which place Malaysia 80th and 64th on these respective variables. Perhaps unsurprisingly, the workforce as a whole is not well educated by global standards: with 1.8 years of secondary education and 0.8 years of tertiary education, the average Malaysian worker is below the global average. Nonetheless, Malaysians are very satisfied with their national educational system: over 95%* of the population are happy with local educational facilities and believe that children have the opportunity to learn and grow every day, placing Malaysia in the top three countries in the world on both variables.

Health - Ranked 44th Low health expenditure per capita perhaps contributes to only moderately good indicators of public health

Malnourishment is very low in Malaysia at 4.3% – the second best rate in the Asia-Pacific region – contributing to an above average health-adjusted life expectancy of 63 years. Infant mortality is also low at just 1%, placing Malaysia 41st in the world on this variable. However, per capita health expenditure stands at only \$500 (PPP), which places the country 61st on this variable. While an above average 96% of children are immunised against infectious diseases, a below average 90% are vaccinated against measles. Also, at under 18 hospital beds per 10,000 people, Malaysia is below both the global and regional averages on this variable. The death rate from respiratory disease and the incidence of TB are both above the global mean, placing Malaysia 55th and 74th, respectively, on these variables. Public health is better served by sanitation and water facilities: 94% of the population have access to adequate waste disposal and 87%* are satisfied with the quality of water, variables that place the country 44th and 22nd, respectively. Subjective indicators suggest that Malaysians have a good sense of wellbeing. In a

2009 survey, around 88%* of respondents expressed satisfaction with their personal health, 86%* claimed to feel well-rested, and only 21%* had felt worried on the previous day. On each of these variables, Malaysia is in the top 15 countries. However, a surprising 30%* reported health problems that prevented them taking part in age-appropriate activities, which is in the world's bottom 20.

Safety & Security - Ranked 52nd Despite overall stability, Malaysia experiences some political pressures, and citizens feel unsafe

Malaysia faces low-level threats to its national security. The state is rarely responsible for political violence and there were no deaths caused by civil conflict in 2009. However, above average levels of internal displacement and communal conflict place Malaysia 54th for demographic instability, which may result from border disputes, ownership or occupancy of land, access to transportation outlets, control of religious or historical sites, or proximity to environmental hazards. Personal security is apparently more mixed: assault in Malaysia is more common than the global average, affecting 6.1%* of those surveyed in the year running up to 2009. Theft affects 9.9%*, but this is below the global average, making Malaysians the 29th least likely population to suffer theft. Nonetheless, only half feel safe walking alone at night, placing the country 70th* on this variable, and an above average number* feel unsafe expressing their political opinions.

Personal Freedom - Ranked 90th Although Malaysians enjoy a fairly high level of civic choice, they do not welcome outsiders

The government affords Malaysian citizens relatively low levels of civil liberty. Despite this, in a 2009 survey, 87%* of respondents expressed satisfaction with their level of individual freedom, placing Malaysia in the top 20 countries of the Index on this variable. However, this level of freedom does not create a tolerant society. Malaysia ranks 109th* and 55th*, respectively, for its citizens' attitude towards immigrants and ethnic minorities.

Social Capital - Ranked 90th Malaysians feel unable to trust or rely on others, indicating a lack of social cohesion

Social cohesion is weak in Malaysia: less than one in 10* Malaysians believe that others can be trusted, and less than a third* reported having helped a stranger in the month prior to being surveyed in 2009. Both of these figures placed Malaysia in the bottom 15 countries in the Index on their respective variables. Malaysians are more likely to help others through formal structures: almost a third* had donated to charities and volunteered their time over the same period, placing Malaysia 43rd* and 19th*, respectively. Informal social networks are weak, as indicated by the fact that less than 80%* of Malaysians feel able to rely on others in times of need, which is in the bottom 25 showings in the world on this variable. This is despite a high 59%* of respondents being married, and 73%* regularly attending places of worship, the latter variable placing Malaysia in the top 20.

By Rimba Emas Author Profile Page on October 27, 2010 12:36 AM

SALAM BUAT TUN BERDUA MOGA DIRAHMATI ALLAH S.W.T.

1) MENTERJEMAH "HIGH-INCOME-ECONOMY" BERMAKSUD EKONOMI YANG BERPENDAPATAN TINGGI. KENA LEBIH JELAS ADAKAH BERMAKSUD KERAJAAN SEKARANG CUBA MERENCANA SATU SUMBER EKONOMI YANG AKAN MEMBERI PENDAPATAN LEBIH TINGGI KEPADA PEKERJANYA ATAU EKONOMI NEGARA MALAYSIA ?

2) KALAU UNTUK TUJUAN MENINGGIKAN PENDAPATAN PEKERJANYA KERAJAAN SUDAH PUN BOLEH MEREALISASINYA DARI DULU LAGI. KERAJAAN BOLEH CAMPUR TANGAN TERHADAP SKIM GAJI YANG DIBERI OLEH SYARIKAT SWASTA ATAU PUN KERAJAAN , TERUTAMANYA GAJI MINIMA YANG DIPEROLEHI SESEORANG PEKERJA.

3) RIMBA EMAS BERPENDAPAT SEBENARNYA NEGARA KITA SUDAH PUN MEMBERI PENDAPATAN YANG TINGGI KEPADA PEKERJANYA TERUTAMA PEKERJA-PEKERJA DIBAHAGIAN PENGURUSAN. ADA SETENGAH-SETENGAH KILANG SWASTA MEMBERI GAJI YANG MELEBIHI DARI RM 2000.00 KEATAS KEPADA SEORANG PENGURUS BAHAGIAN TERTENTU.

4) JADI TIDAK PERLU LAGI ADA PENINGKATAN KEPADA PIHAK PENGURUSAN KERANA AKAN LEBIH MEMBEBAHKAN KEWANGAN TUAN PUNYA KILANG. YANG LEBIH BERTEPATAN DENGAN 'EKONOMI BERPENDAPATAN TINGGI' INI IALAH GOLONGAN YANG DIBERI GAJI DIBAWAH PARAS KEMISKINAN IAITU DIBAWAH RM 300.00.

5) KALAU GAJI YANG GOLONGAN TERENDAH (SPM) DITINGKATKAN PALING MINIMA RM 1200.00 MAKA SAYA PASTI RAMAI RAKYAT TEMPATAN AKAN BEKERJA. MASALAH SEKARANG KERANA KETIDAK KETEGASAN KERAJAAN MENETAPKAN TANGGA GAJI INI KEPADA PIHAK PENGILANGAN KETUA-KETUA BAHAGIAN PERHUBUNGAN(HR) TELAH MENGGITUL (MANDALIR) TUAN PUNYA KILANG KEPADA GAJI TERENDAH UNTUK KEPENTINGAN LAIN YANG LEBIH KEBENDAAN.

6) BEGITU JUGA KONSEP 'EKONOMI PENDAPATAN TINGGI' INI TIDAK BOLEH DITERAPKAN KEPADA GOLONGAN PENIAGA KERANA BAGI KUMPULAN INI UNTUK MENDAPATKAN PENDAPATAN YANG LEBIH TINGGI BERMAKNA KENAIKAN HARGA JUALAN MEREKA.

7) GOLONGAN INI PERLU DIKAWAL SELIA DENGAN MEMATUHI HARGA KAWALAN YANG DITETAPKAN BERDASARKAN KEHENDAK PENGGUNA BAWAHAN SEKALI BUKAN BERPANDU GOLONGAN PERTENGAHAN DAN KEATAS KERANA KEMAMPUAN YANG MEREKA MILIKI.

8) DARI PEMERHATIAN USAHA KERAJAAN DAHULU SEPERTI PEMBERIAN BALIK WANG CUKAI (ROAD TAX) TELAH DINAFIKAN OLEH PIHAK INSURAN MAKA KEJAYAAN PIHAK KERAJAAN UNTUK MENTERJEMAH "HIGH-INCOME-ECONOMY" KALI INI MUNGKIN JUGA AKAN DI HALANG OLEH INSTITUSI-INSTITUSI LAIN YANG JUGA Mencari PENDAPATAN MEREKA DARI WANG GAJI YANG DITERIMA OLEH PEKERJA-PEKERJA.

9) PERLU KITA INGAT SESUATU PEMBERIAN YANG BAIK KEPADA PEKERJA-PEKERJA TETAPI TIDAK DILAKUKAN USAHA MENGHALANG PERAMPAS WANG KENAIKAN GAJI INI BOLEH JUGA DIANGGAP OLEH RAKYAT SEBAGAI SATU PENIPUAN WALAU PUN TIDAK BEGITU NIATNYA, MAKA AKHIRNYA BOLEH MEMBAWA KESAN KEPADA SOKONGAN KEPADA KERAJAAN.

10) SESUATU PERUBAHAN TENTU ADA SEBAB-MUSABABNYA, OLEH ITU ADALAH LEBIH BAIK BERGANTUNG KEPADA KEMAHUAN ALLAH S.W.T KERANA MASIH ADA HARAPAN LAGI AKAN KEBENARAN PADA HARI AKHIRAT NANTI.

WALLAHU'ALAM

By ZumiAuthor Profile Page on October 27, 2010 12:21 AM

"High income economy" - First time when I heard about this, already worried either the study has really been done properly or just another flowery phrase. Totally agreed that there is no meaning of high income if at the end our purchasing power is below than before. Every time the government servant salary increase the price for goods will increase as well, eventhough not even 1/3 of Malaysian is government servant. Imagine what will happened with the minimum wage implementation. Do our government able to control the good price?. Let see some example here..in KL, the price of nasi ayam (night market) now is already RM4.50 compare to last 10 years which is RM2.50. But how can Japan as a high income economy country still can keep the price for drink at the vending machine as YEN110 as per last 10 years when I was still a student. Now back in Japan what surprise me that it is still at same price and furthermore some even offer discount as low as YEN80 per can. No surprise, that they can reduce the price with better vending machine design that will need less electric supply or lower price from the distributor with all the cost reduction enforcement. But when we ask why the minister oversea trip getting higher or the cost for public service management is higher than before? The answer mostly seem to be

DO NOT ASK ANY QUESTION (Waste of your time)! Why we in private sector doing lots of cost reduction but it seem to be a strange word in the government sector? Ohh.. my example nasi ayam & a can of drink is not acceptable since it was rice and can drink..? But other stuff price also remain the same if not lower than.. just imagine how can they keep it.

Try not to make easy money by asking us to pay more tax with the credit card tax and recently with extra charges for our Astro service. Do ask question why we subscribe to Astro.. it was because the poor local broadcasting signal.. (yeah when it is raining Astro no signal but if not it was better then).. So at the end the question that you will ask yourself

1. Should I move to other places with better purchasing power?
2. Should I move to other places that will justify my tax payment?
3. Should I keep staying here and suffered with all these mismanagement?

By InfinAid Physio Centre Author Profile Page on October 26, 2010 11:45 PM

Salam Tun,

It is great to read your opinion.

By the way, how is your health?

Do you still continue with physiotherapy session?

Anyway, if you wish to have private physiotherapy session, please let me know.

I can be reached at InfinAid.Physio@gmail.com or mobile number 016-322 0992.

Details on InfinAid Physio Centre can be read at <http://sites.google.com/site/infinaid/>

Last but not least, let's make Malaysia as high income country ASAP.

Take care, Tun.

By nst_reader Author Profile Page on October 26, 2010 10:41 PM

Hello Dr Mahathir,

I have a question, how is it possible for us to have free email such as gmail, or hotmail or facebook etc... How is it possible that it is free?... and yet Microsoft or Google (just like any company or industry) seemingly successful. Is it possible for us to have free (if not cheaper) petroleum for the citizens of Malaysia from Petronas? rather than Shell or BP for example.

Just wondering,

Visit <http://music-miracles.blogspot.com/>

By Azahari Author Profile Page on October 26, 2010 9:18 PM

I think high income economy is a great idea. It is a forward thinking. No doubt that FDI works during your era. Now the conditions has change. Foreigners is no more interested to open factories in Malaysia anymore due to higher cost.

Maybe we should change the strategy to something different like getting foreigners to open their high tech R&D or labs here, high quality, high brand name, inventions, robotics, high tech products, biotechnology etc. Oh yes, maybe it will still be in the form of FDI but in different manner. But the government must be really serious about this. It is not easy. They must provide the right environment and the rakyat must be well equipped. We can't expect Malaysians to work in factories as hard labour anymore.

Your brilliant leadership has made Malaysian recognized around the world. Goods that have 'made in Malaysia' behind it has certain values to many countries. Today's generation should work harder to bring your vision forward by reenergizing it.

I agree with Tun that higher income doesn't mean that we will have higher purchasing power in the

country. But I think we will get higher purchasing power for our businesses in acquiring knowledge and high tech machines. It may also be cheaper for our corporate to buy companies outside Malaysia.
By Andy F. Author Profile Page on October 26, 2010 7:42 PM

Dear Tun,

When I think of a higher cost of living that comes with higher income, I worry about all those people who are retired or going to retire when that happens. Younger people may be better able to adapt to the new circumstances but older people are just going to accept a lower standard of living. It is a little like when the currency crisis hit in the late 90s. Suddenly you were not able to afford many of the things you used to be able to afford.

By leading Author Profile Page on October 26, 2010 7:03 PM

My friends and I were first time landed as students in Canada in 1980. For the initial 6 months or so, we had to put most of our purchases on hold whenever we went shopping, as one Canadian Dollar was equivalent to 1.76 Ringgit Malaysia.

Everything was expensive to us when we converted to our currency.

I am sure even tourists from Malaysia who have travelled to countries like UK, US, Canada, Australia (and now even to Singapore) have the "same feeling" as we did.

Well, since we are not competitive to countries like China and Vietnam in term of "Cost of Labour" and we want to become a "Developed Nation", I think "High Income Economy" is the BEST option.

But, unless our Government drastically reforms and changes many of the "policies", "High Income Economy" could be of adverse consequences or can only be left as a "dream".

Regards,

www.leading.com.my

By emma49 Author Profile Page on October 26, 2010 6:38 PM

Salam TUN,

Ini antara article menarik untuk dikongsi mengenai issue minimum wages ini... harap2 pihak kerajaan dapat consider... =))

<http://remgold.blogspot.com/2010/10/minimum-wages-atau-minimum-skills.html>

Minimum wages atau minimum skills?

Saya baru tiba di Singapork pulau indah-kecik tadi petang selepas seminggu main-main kat KL. Naik Firefly Subang-Budget Terminal Changi seperti biasa.

Lalu baca surat khabar beberapa hari lalu, catching up on the news.

Satu berita yang menarik minat saya ialah perbincangan di pulau totet ilet ni tentang pekerja bergaji rendah - pekerja kolar biru kata orang.

Di sini, Menteri dalam Pejabat Perdana Menteri juga ialah ketua gerakan pekerja! Namanya Lim Swee Say.

Ada orang kata jika menteri dalam Kabinet jadi ketua buruh, maka tak akan ada demo pekerjalah. Exactly what the government wants.

Dan itu, pada saya, juga baik untuk pekerja. Makin kurang demo pekerja, mogok awam, lebih baik.

Kerana takut pelabur lari.

Kita lihat di Perancis dan England, mampoi satu negara baru-baru ini apabila pekerja pengangkutan mogok. Tak ada keretapi, tak ada bas, macam mana nak gi kerja?

Swee Say ada satu argument yang dibincang panas di Singapoora, dan juga relevan untuk Malaysia.

(Di Malaysia, para pengetua gerakan buruh ramai yang masuk pembangkang).

Argument biasa untuk pekerja ialah: Mesti adakan minimum wages - gaji minima, untuk berlaku adil kepada pekerja.

Di Malaysia dan Singapore tidak ada gaji minima, bermakna majikan boleh suka-suka kasi orang tu gaji. Jika dia nak bayar gaji tukang masak kat restoran dia RM800/S\$800, dan pekerja di kilang dia RM550/S\$500 tak ada undang-undang yang kata tak boleh.

Cuma, jika gaji rendah sangat, orang tak akan datang.

Macam restoran mamak satu Malaysia selalu bising tak ada mamat nak kerja kat restoran mereka, sebab tu kena ambil pekerja dari India, Indonesia dan Nepal.

Hello, kamu kasi gaji kecik sangat, baik mamat tu kerja jadi office boy yang gajinya rendah sikit, tapi dia dapat duduk dalam bilek aircon.

Gerakan buruh Malaysia mahu ada minima untuk semua pekerja - baik di ladang yang menoreh getah dan tanam sawit, mahupun drebar, pekerja kilang dan restoran.

Di Singapork, Swee Say kata lebih penting daripada paksa adakan undang-undang gaji minima ialah pastikan semua pekerja ada minimum skills - kemahiran minima.

Jika tak ada, siapkan latihan untuk mereka.

Ini, kata beliau, lebih adil untuk pekerja.

Dan pelabur tak akan lari kerana takut dipaksa bayar gaji minima untuk pekerja kilang dan office boy. Maksudnya jika di Malaisia atau Singapoura gaji pekerja kilang mesti paling kurang RM1,200/S\$1,200, dan office boy mesti dibayar RM900/S\$900, mungkin pelabur asing lari.

Baik di buka kilang dan pejabat di Jakarta atau Vietnam. Di sana, gaji lebih rendah dan tak ada gaji minima.

INI bahagian cerita syiok sendiri - anda boleh skip terus baca di bahagian bawah!

CERITA LAMA: Sebelum jadi wartawan, saya dulu pernah kerja di sebuah firma arkitek di Temasek. Sebab saya belajau mechanical engineering, maka saya jadi design draughtsman (orang Amerika kata 'draftsman') dalam mechanical dan electrical department, firma arkitek Australia tu di Singapore.

Dah lama tutup saya rasa syarikat International Project Consultants di Pasir Panjang Hill.

Jika kamu ada projek, arkitek Australia dua partner tu buat pelan kasar, lepas tu mereka bahagi kat architectural draughtsmen draw betul-betul.

Masa tu belum pakai komputer lagi. Belum ada sofwe architectural plan kat komputer. Kat pejabat Wang Computer pun belum ada! Ini tahun-tahun 1982-1985.

Kami draw pelan pakai kertas transparent (lupa apa nama sebab dah 30 tahun dulu dah!) dan ink hitam. Drawing paper.

Meja drawing saya di pejabat hah, lihat GAMBAR ni. Saya ada beli satu untuk gunakan di rumah juga dulu - mahai nak mampoi, tapi amat diperlukan dulu.

Pena untuk lukisan teknikal saya pula di GAMBAR BAWAH ni.

Draughtsmen jika tak pandai pegang technical pen Faber Castell masa tu, tak boleh cari makan.

Kena hafal colour code. Putih maknanya untuk draw line nipis, 0.25mm thickness. Nak draw tiang besar, gunakan yang warna purple tu, 0.70 thickness.

Kena pandai buka pen itu 100 per cent, dan repair sendiri jika rosak - baca tentang bahagian-bahagian pen di sini. Orang dulu miskin, kalau rosak kena repair sendiri. Sekarang phone rosak, TV rosak, kereta rosak, orang politik rosak, kita main nak buang saja.

Sambung cerita - lepas archi department habis, sketch itu dibahagi kepada civil engineering department

yang calculate besi dan palang besar mana nak pakai, dan banyak mana batu-bata dan simen nak pakai. Pastikan bangunan tak roboh.

Sketch juga dibagi kepada department saya - kami lakar wiring letrik nak jalan mana, lampu berapa banyak nak letak, aircon berapa besau, dan ducting untuk aircon nak jalan kat bumbung sebelah mana. Berapa sejuk aircon ni?

Harga mesin aircon ni bagaimana - ini aircon besau oi, bukan yang kamu pasang kat rumah. Saya pernah tolong design aircon sistem untuk mall besar di Sandakan, bangunan bank di Raffles Place, dan juga untuk rumah-rumah orang kaya.

Yang saya respek betul mat salleh Australia dua orang ni, mereka tak sombong. Yang satu ada Lambo warna biru - pertama kali saya nampak Lambo depan mata. Di pejabat ada DUA orang office boy Melayu yang diajak duduk dalam pejabat belajar jadi architectural draughtsmen!

Mereka masih kena hantar surat naik scooter (ini belum zaman ada email lagi!). Tapi bila tak ada kerja, omputeh ni suruh mereka pegang pena lukisan tu, belajar jadi draughtsmen. Mamat senior draughtsmen Cina kena ajar mereka.

Lepas tu ada receptionist pompuan budak Melayu, pun boss suruh belajar buat drawing. Tingkatkan kemahiran!

Mereka dibayar lagi oleh boss untuk gi kelas malam belajar technical drawing.

Mana lebih baik?

Kasi mereka gaji minima sebagai office boy dan receptionist?

Atau naikkan kemahiran minima mereka, seperti yang dibuat oleh boss lama saya, Philip Conn dan John Malone?

(Dah tua-tua, baru teringat cerita ni!)

Berbalik cerita asal.

Itulah yang kita harap kerajaan akan lakukan. Naikkan taraf kemahiran pekerja. Galakkan mereka tambah ilmu dan kemahiran.

Di Temasek, syarikat kena bayar ratusan atau ribuan dolar sebulan (ikut company besar atau kecil) kepada tabung latihan pekerja.

Dan majikan kena berikan mereka MASA untuk ambil kursus - di institut atau sekolah latihan pemerintah di luar.

Nak buat bangunan pencakar langit pun okay, nak belanja berbilion pun tak apalah. Tapi jangan lupa orang di bawah tu.

Sebab jika tenaga mahir kurang, maka pelabur tak akan masuk, walaupun negara kamu ada bangunan 100 tingkat, ada International Financial District yang canggih.

Kamu ada kuasa, bantulah orang yang tak berkuasa agar bertambah kuasa mereka nak mencari makan.

(Maaf, saya gunakan example Singapork sekali lagi. Bukan sebab negara kecil ni bagus sangat, tapi sebab itu contoh yang saya tahu sebab saya kerja kat sini).

By hafizaAuthor Profile Page on October 26, 2010 6:33 PM

Dear Tun,

1. Agreed that high income will most probably accompanied with low purchasing power due to relatively higher cost of living. Inflation might seem luring to high income as people tend to spend more should they have extra moneys, thus putting aggregate pressure on price level or inflation.

2. Like Tun, I am also all for the high income policy by the Government and that we should be cautious of possible higher cost of living that could deteriorate the standard of living. BUT, I will always be in favor of policy that looks into bridging income disparity between peoples and poverty reduction of course. I would think Government should address this first.

3. Achieving high income economy will not guarantee that the income gap will be shrunk and that absolute (hakiki) poverty will be reduced. High income per capita is merely a meaningless indication as it fails to reflect welfare of the people living in the country. In addition, high income cannot guarantee you and me to buy more of things should living cost skyrocket.

4. Here's the fact. Malaysians with high income category is only pooled around 20%. This shows how serious our income disparity. And yes, the current indication of USD7,000 income per capita has no meaning.

5. Do we really need to achieve high income status while the abundance of wealth is in the hands of 20% of Malaysian people?

I don't see any needs for Government to directly chase over high income status. Why the timeline until 2020? What's the rush? We just put unnecessary pressure to ourselves.

6. Again, I'd like to reiterate that Government should really look into bridging income disparity and poverty reduction as these are criterias for not merely growth, but 'sustained' growth.

By capello08 Author Profile Page on October 26, 2010 6:26 PM

Dear Tun,

HIGH INCOME ECONOMY MUST MEAN CAPABILITY OF EARNING HIGHER INCOME DUE TO HIGHER CONTRIBUTION OR HIGHER PRODUCTIVITY.

HIGHER INCOME ECONOMY MUST NOT MEAN HIGHER INCOME WITHOUT ANY DIFFERENCE IN PRODUCTIVITY.

HIGHER INCOME ECONOMY MUST ALSO MEAN BETTER RECOGNITION OF LOCAL RESOURCES AND TALENTS, MONETARY WISE.

HIGHER INCOME ECONOMY MUST ALSO BE SUPPORTED BY SELF SUFFICIENT ECONOMY I.E. ON BASIC NECESSITIES SUCH AS FOOD AND CLOTHINGS. WITHOUT THAT WE WILL HAVE HIGH INFLATION.

IT IS OUR HOPE THAT WITH HIGHER INCOME ECONOMY, LOCAL RESOURCES WILL BE PAID HIGHER THAN THE CURRENT RATES. FOR EXAMPLE, IF WE INVITE YOU AND TONY BLAIR TOGETHER FOR A TALK, WE SHOULD PAY YOU EQUALLY OR HIGHER SIMPLY BECAUSE YOU HAVE MORE USEFUL TOPICS TO DISCUSS AND SHARE - NOT THAT BECAUSE YOU'RE ASIAN/ MALAYSIAN, WE PAY YOU RM100K AND TONY BLAIR RM1 MILLION.

By T Author Profile Page on October 26, 2010 6:26 PM

/// 9. We see today the purchasing power of the developed countries with much higher income than us. The United States is said to have a per capita income of USD36,000, roughly five times Malaysia's USD7,000 per capita. But the people are not five times richer than Malaysians in terms of purchasing power. In fact in certain cases the purchasing power is the same as Malaysians. According to the McDonald's Hamburger Index, the Ringgit is the same as the US Dollar in purchasing McDonald's hamburger - one Ringgit will buy in Malaysia what USD1 will buy in the US. ///

Yes, purchasing power may differ for different countries. One way to compare apple-with-apple is to use the Big-Mac Index. However, this is not scientific nor accurate. Economist use the purchasing power parity (ppp) concept.

So, Malaysia's nominal per capita GDP was US\$7,450 in 2009. The US's per capita GDP was US\$46,000 in 2009. There US's per capita GDP was about 6.2 times that of Malaysia. However, Malaysia's per capita GDP (ppp) was much higher at US\$14,900. Hence, the US's per capita was only 3.1 times that of Malaysia. Therefore, for comparison across countries, we should use ppp instead of nominal GDP.

<https://www.cia.gov/library/publications/the-world-factbook/geos/my.html>
By AlanAuthor Profile Page on October 26, 2010 6:12 PM

As mentioned earlier, the Govt must reduce expenditure, especially civil servant. We need to drastically reduce this liability at least by half. In terms of oil, one way is to encourage use of hybrid car instead of totally relying on fossil fuel. Use hydrogen cell or electricity to move the car and therefore we have more fossil fuel reserve to sell to others. Let others pay for our fossil fuel.
By Pena VTECAuthor Profile Page on October 26, 2010 5:28 PM

Totally agree with your points, Tun. But, I believe the "high income policy" referred by Dato Najib is only for the government servants.
By NOM AirbusAuthor Profile Page on October 26, 2010 5:07 PM

I truly agreed with this policy as per Tun writing. But try to removed the oil subsidy and you see many of us will sell their car and everyone will try to use the public transport. This will be seen a real income earner position if they could ever afford be a owner of any car or not. Of course the national car sales will be down.

Likewise if the oil and diesel subsidy is removed and allocate to subsidise the selected food and/or public transport then all Malaysian will enjoy . We will have less traffic on the road if we spend all the oil subsidy into providing the inter city/town trains and their feeder buses with all the infrastructure. This is now demonstrated in develop countries in Europe and Japan.

We will have no air pollution as the trains and buses will be running on electricity. We create projects and new townships, jobs and all the other supporting businesses. This need to be plan properly and not using the existing train stations. We may choose to use the wind turbine for the electricity generations which are less dependable on fuel as the renewable energy. This will also increased the demand of electricity and can be generated within wind turbine business and other downstream activities with deep studies of the pro and cons.

May this come true fast and get the people ready for this over years by reducing the the fraction of the oil subsidy year by year this will prepare Malaysian to achive this goal. This is my personal view and welcome your views

By the way Tun is I cannot remember if ever we have any National Transportation Policy which provide the guideline since Merdeka.
By dielaAuthor Profile Page on October 26, 2010 5:00 PM

i agree with u Tun...i love u...i respect u...
By TAuthor Profile Page on October 26, 2010 4:38 PM

/// 9. We see today the purchasing power of the developed countries with much higher income than us. The United States is said to have a per capita income of USD36,000, roughly five times Malaysia's USD7,000 per capita. But the people are not five times richer than Malaysians in terms of purchasing power. In fact in certain cases the purchasing power is the same as Malaysians. According to the McDonald's Hamburger Index, the Ringgit is the same as the US Dollar in purchasing McDonald's hamburger - one Ringgit will buy in Malaysia what USD1 will buy in the US. ///

Yes, purchasing power may differ for different countries. One way to compare apple-with-apple is to use the Big-Mac Index. However, this is not scientific nor accurate. Economist use the purchasing power

parity (ppp) concept.

So, Malaysia's nominal per capita GDP was US\$7,450 in 2009. The US's per capita GDP was US\$46,000 in 2009. There US's per capita GDP was about 6.2 times that of Malaysia. However, Malaysia's per capita GDP (ppp) was much higher at US\$14,900. Hence, the US's per capita was only 3.1 times that of Malaysia. Therefore, for comparison across countries, we should use ppp instead of nominal GDP.

<https://www.cia.gov/library/publications/the-world-factbook/geos/my.html>
By PlainTruthAuthor Profile Page on October 26, 2010 4:24 PM

A high income economy entails among others, that we move up the value-added chain and having a strong ringgit.

In the "lost decade" of the past 10 years, we have failed to do both. As Tun rightly pointed out, we have effectively solved the unemployment of other countries.

Even on the currency side, our ringgit is still miles below its strength pre-1997 financial crisis not just against the major currencies but against that of our neighbours like Thailand and Singapore.
By WilsonAuthor Profile Page on October 26, 2010 3:31 PM

Agree. Most, if not all, Malaysians would like to achieve high income status. You said:

"I am all for the Government's high income policy"

I assume you mean ALL policies/projects/initiatives announced by the Gov are FULLY supported by you. Could you please elaborate on how these could help in achieving a high income society?

Source : <http://chedet.co.cc/chedetblog/2010/10/high-income-economy-1.html>