

Trying times on the economic front for M'sia
Malaysiakini.com
Apr 30, 2011

COMMENT World Bank reports are authoritative and are therefore taken seriously by international observers, especially foreign investors.

Malaysia's own economic estimates and assessments will be compared to the World Bank and International Monetary Fund estimates for accuracy and integrity. Our estimates will lose credibility if they are quite different from international analysis.

The World Bank has estimated Malaysia's growth at 5.3% for 2011, and 5.5% for next year. These projections are lower than our internal estimates. Our domestic outlook for inflation could also be underestimated as the World Bank stresses the build-up taking place in inflationary pressure that could dampen private consumption and economic growth as well.

Hence the message is clear. We are going through trying times and economic strains, particularly with the continuing global economic uncertainties.

What is more worrisome is the World Bank's highlighting of the adverse effects of the brain drain on our economy. This is having a significantly more serious negative impact on our economy than we realised, and is undermining our struggle to get out of our middle-income trap.

Interestingly too about 57% of our diaspora have been attracted to Singapore. We know why, but we are doing so little about it. The brain drain is not exclusively due to higher salaries, but the sad lack in practicing "inclusiveness" amongst all Malaysians.

One major point raised by the World Bank Report 2011 is the lack of political will to push the pace of reforms in the Economic Transformation Programme (ETP) and the Government Transformation Programmes (GTP). In regard to the New Economic Model (NEM), the World Bank mentions the "limited headway on this front".

Poverty worst in Sabah

The findings that poverty has increased and shows an imbalance within racial groups gives much concern and underlines the need for much more urgent action to be taken to combat the malaise.

Sabah has a whopping 42.9% share of national poverty, Sarawak has 12%, while even Kedah and Perak have dismal shares of 9.8% and 8.4% respectfully. This is unsustainable without some dire interventions.

All these World Bank findings do not encourage confidence in the socio-economic and even political prospects in the near term for Malaysia.

It is imperative therefore that the well-thought out ETP and GTP should be revised to give much higher priority to overcome the fundamental weaknesses in our economy and society, that the World Bank has honestly but politely highlighted.

We have to answer its "call for action" with a greater sense of urgency or continue to face greater risks of more economic and social decline.

One major source of encouragement however is that all Malaysians, except the powerful vested interests and the extremists, will rally around the government for more rapid transformation for the benefit of all Malaysians.

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