

Economist: Do not repeat Middle East error
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Malaysia should not repeat the Middle East nations's mistake of blindly pursuing economic growth, but should also take into consideration income inequality and other social developments, an economist advised.

Chief economist in Malaysia Rating Corporation Berhad Nor Zahidi Alias said many Middle Eastern countries have high per capita income, but dissatisfaction among the population over income disparity has led to chaotic incidents in the past six months.

According to the International Monetary Fund's statistics, countries in the Middle East are among those that had enjoyed high gross domestic product (GDP) per capita on purchasing power parity basis in year 2006 to 2010.

These countries include Qatar, United Arab Emirates (UAE), Kuwait, Bahrain, Oman and Saudi Arabia.

However, Nor Zahidi (left) said he noticed that there are serious income inequalities problem when he visited Dubai in UAE recently.

"I talked with the taxi driver there, who said 10 people are staying in one room because it costs about US\$3,500 (RM10,600) ."

Speaking at the economic forum organised by Perdana Leadership Foundation yesterday, the economist added that Singapore also faced a similar problem, which led to the opposition's historical big win.

"I think it is good to raise income per capita, but there are things (we have to consider)."

These factors included distribution of income and human development index, which developed by United Nations Development Programme (UNDP).

Majority earn less than RM1,500

Nur Zahidi also cited Penang as an example, saying that its inequalities had worsened in past 14 years despite the state having a higher income level.

Malaysia has one of the highest income inequality in the region, second only to Papua New Guinea in Asia.

He also pointed that 70 percent of Malaysian workers earned less than RM1,500 per month, with the percentage being higher in Sabah and Sarawak.

He said the cost of living in Malaysia has gone up and the CPI index and food price rose 11 and 22 percent respectively since the civil servants received their last pay hike of 7.5 percent to 35 percent in July 2007.

"What civil servants received has been only enough to cover the price hike of the last two to three years."

He said the government was actually mindful of the problem, so had launched the transformation programme, which is also intended to help the low income group.

He also reminded again that the government "must not repeat the mistake of others" when approached later by the media .

Nor Zahidi was one of the panel members "High income at high cost?" discussion session. Other

panellists included National Economic Advisory Council (NEAC) member Hamzah Kassim, Malaysian Alliance of Corporate Directors president Jaffar Indot and Tenaga Nasional Berhad vice-president Muhammad Razif Abd Rahman.

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