

Pua: Reducing cost of living can be costless
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by Nigel Aw

Despite the government's expanded subsidy programmes to curb the spiralling cost of living, the problem can in fact be addressed without having to spend a single sen, says DAP national publicity secretary Tony Pua.

Speaking at an economic forum organised by DAP's Seputeh MP Teresa Kok's office, in which she was present as a moderator, Pua said this would be possible through anti-monopoly and competitive privatisation policies.

"There are a lot of policies that keep prices (of goods) high. We need to change those policies and changing policies does not cost the government a single sen," he said.

Taking rice as an example, Pua (right) said despite Bernas being privatised, it remains the country's sole rice exporter.

"If I can find quality rice in Thailand and bring it to Malaysia to sell it at a cheaper price and let Malaysians enjoy cheaper rice, why not?"

Taking another example, he said despite the government's boast that it subsidised petrol (RON95) to keep prices capped at RM1.90 per litre, it also forbade the five major petrol companies from lowering prices below RM1.90.

This, the Petaling Jaya Utara MP said, was intended to protect Petronas and similar vested interests within the government at the expense of the rakyat.

"If competition is allowed to take place and companies are allowed to sell below RM1.90, then the government may also be able to reduce its subsidies as prices are lowered."

The best example of competition reducing cost, the economist by training said, was with the entry of AirAsia into the air travel market after 2001 which saw prices of plane ticket halved for domestic flights.

However, in yet another attempt to protect the government's interests over the rakyat's, a share swap was arranged between AirAsia and Malaysia Airlines in an attempt to protect the latter which could not compete.

"This is like the warring warlords in ancient China, when the stronger warlord attacks the weaker one, the weaker warlord will send his daughter to be the concubine of the stronger warlord. When they're relatives, they won't need to attack each other any more."

'Competition as solution'

All the government needed to do, Pua added, was simply to allow proper competition across several industries and stop protecting vested interests at the expense of the rakyat.

Zooming in on the failure of the government's subsidy system, the Oxford graduate pointed out that it cost RM23 for power producers to buy gas in Thailand but it cost a mere RM13.70 for independent power producers (IPP) for a similar purchase.

Despite this, 500 kW of electricity used in Malaysia would cost RM157 compared to RM129 in Thailand, he added.

"The government say they give a lot of subsidies, but they are not coming to us, they are all being

absorbed by the IPPs.”

Echoing this was think-tank Research for Social Advancement (Refsa) executive director Teh Chi Chang, who said the government’s expenditure for subsidies had ballooned from RM7.6 billion in 2000 to RM33 billion in this year.

Despite this, Teh said the government is still unable to curb the spiralling cost of living and has expanded its subsidy programmes into the business field such as the Kedai Rakyat 1Malaysia and Menu Rakyat 1Malaysia.

“This is a very bad thing because when government is involved in business, it crowds out normal private businessmen.”

Notwithstanding the increasing subsidy cost, Teh cautioned that the country’s debt has grown almost two-fold from RM217 billion in 2004 to RM427 billion as of June this year.

“If we convert RM420 billion of debt, it is about RM15,000 per capita and if we decide to let our children pay instead, it is about RM25,000 per youth.”

Teh added that based on current levels of a RM55 billion increment in yearly debt, Malaysia is on track to chalk up a whopping RM1 trillion debt by 2020.

He added that even household debt stood at 140 percent of personal disposable income, higher than American households which are notorious for their debt situation but only averaged 123 percent of personal disposable income.

Therefore the government’s budget, Teh charged, was a case of giving a man a fish rather than teaching a man how to fish and does not address the fundamental problems in the economy.

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