

Good policies working in M'sia's favour, says Najib
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Prime Minister Najib Abdul Razak said Malaysia's progress depended not just on good policies but also on public support for them.

Najib said this was why he was encouraged by what was said by World Bank's Southeast Asia director Ulrich Zahau in a BBC interview on Dec 18.

Najib alluded to Zahau's remarks which pointed to Malaysia's national policies that helped reduce income gaps and that the country's economy would continue to grow as long as Malaysians continued to spend.

This was contained in Najib's Facebook entry which was linked to a clip of the interview which saw Zahau (left) speaking to BBC's Jennifer Pak.

During the session, the World Bank official said that Malaysia's "aspirational" low-income part of population was helping to drive economic growth through consumption.

"I think that the recent history (has shown that), if you will, the Malaysian consumers are unstoppable. I think the lesson here is that this (consumption) has been a driving force of economic growth.

"And we expect that consumption will continue to be an important driver of economic growth (for Malaysia)," Zahau said.

He noted that in terms of overall inequality in Malaysia, the most important factor driving that inequality was income inequality.

"There still are today some gaps, some differences, but these gaps are small today," Zahau said, adding that those gaps had declined precisely because Malaysia had put in place certain policies.

Asked on slumping oil prices and the extent of the impact this would have on Malaysia, he opined that in the short term the impact on the fiscal balance "is actually positive".

"The reason for this is that Malaysia (has) just eliminated the oil subsidy, so that was a cost in the budget (previously)," Zahau said.

"Over the medium term, there may be also a revenue shortfall that would come to the extent that Petronas, for example, may pay lower dividends although that is a policy decision for the government to make," he added.

- Bernama

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