

Economist says BR1M no help in easing poverty

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The Bantuan Rakyat 1Malaysia (BR1M) aid "will not take us anywhere" in easing poverty, expected to widen further with fuel subsidy cuts, warns an economist.

UM Centre for Poverty and Development Studies economist Fatimah Kari said the cash handout does not provide a holistic social protection programme or provide incentives to get out of poverty.

"I personally do not believe in BR1M, the government must announce an exit policy for BR1M... through comprehensive social programmes providing access to public health, education and jobs. This must be designed.

"(BR1M) will not take us anywhere in the long run in solving poverty in the county," Fatimah said, urging the government to "be brave" in charting the way out of BR1M.

Subsidy cuts are good...

Speaking at a press conference on the centre's study on the impact of subsidy cuts on inequality, Fatimah said subsidy cuts are good as they remove distortions to the market and allow the funds to be targeted at the needy.

However, she said, market-driven initiatives should also be looked into, in order ease poverty, instead of "handouts" such as the BR1M.

While it is good that the BR1M is targeted according to income levels, the assistance should be tied to job creation and access to employment.

For example, UM Equitable Society Research Cluster dean Jamilah Mohamad said, income assistance could be tied to further income generation, such as in the Grameen micro-credit level.

"We have Yayasan Ikhtiar... where the cash comes with something, like a social business model. Perhaps it can be refurbished and introduced," Jamilah said.

Grameen micro-credit was introduced in 1976 by Bangladesh's Grameen Bank founder Muhammad Yunus, who pioneered the concept of providing small, unsecured loans to the poor, based on the principle that loans are better to tackle poverty than charity.

Fatimah's criticism of the BR1M comes after former prime minister Dr Mahathir Mohamad slammed the cash aid, which is now in its third instalment.

However, Prime Minister Najib Abdul Razak defended the policy and stressed that it is targeted at the needy.

Mahathir is due to give a lecture on BR1M and poverty in Malaysia at Universiti Malaya later this month.

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