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## Rational measures needed please, not populist moves

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To lighten the cost of living, the government made three major bold moves last week. First, there will be additional cash aid for the bottom 40% income group (B40), with RM100 set aside for households and RM50 for singles.

Second, the electricity and water tariffs will be kept at current levels for the next six months. Suffice it to say, the government will foot part of our electricity bills, including those of industrial users, as fuel costs have shot up since the start of the year.

Third, the government reversed its decision to remove the price cap for chicken, the most consumed meat among Malaysians. A revised price ceiling for chicken will be announced by the minister of agriculture and food industries in the near term. But this raises the question of how the government will subsidise to keep chicken prices low.

The Consumer Price Index (CPI) rose 2.8% year on year in May, mainly driven by higher food prices, which climbed 5.2%.

Using the CPI as a yardstick, Malaysia's inflation, although it has reared its ugly head, is not as bad here as it is elsewhere. This is simply because of heavily subsidised energy prices, namely petrol and electricity. Any increase in energy prices will cascade down to other costs that result in higher consumer prices — a scenario that many countries are in now.

Realistically, how much will the extra RM100 help ease the pain of the high cost of living?

Cheap petrol prices and electricity tariffs are too good to say no to, especially given the current economic uncertainties. Still, policymakers need to be clear about the difference between populist measures to win support and rational moves that are needed to benefit the nation and people in the long run.

Targeted subsidies, particularly for petrol, have been long talked about. What is stopping its implementation?

The cost of irrational populist measures could leave a severe impact that takes a generation

to recover from. Malaysians should know it by now. The country entered the Covid-19 pandemic with a high national debt that led to serious fiscal constraints when public expenditures were needed most to lift the economy. These are the result of such measures, no thanks to the profligacy of previous administrations, especially under Datuk Seri Najib Razak, in giving out goodies to remain in power.