

Activate responsive economic assistance programmes

By [Dr. Mohd Yusof Saari](#) - October 4, 2023 @ 8:09am



The situation in 2022 indicates an increase in salaries and wages for Malaysian workers of RM177 for the skilled and semi-skilled categories while the low-skilled enjoyed an increase of RM66. NSTP/MOHAMAD SHAHRIL BADRI SAALI

THE Department of Statistics Malaysia (DOSM) recently released the statistics on Salaries & Wages for Malaysia for the 2022 calendar year.

The situation in 2022 indicates an increase in salaries and wages for Malaysian workers of RM177 for the skilled and semi-skilled categories while the low-skilled enjoyed an increase of RM66.

The increment is relatively lower compared to pre-pandemic periods. In 2019, the salaries and wages of skilled, semi-skilled and low-skilled expanded by RM181, RM112 and RM103 respectively.

In 2022, inflation rates stood at 3.3 per cent, while in 2019, they were 0.6 per cent. The impact of inflation was felt across the board, affecting skilled, semi-skilled, and low-skilled workers alike. When factoring in inflation, the overall conditions of workers in 2022 deteriorated.

It's important to note that the average salaries & wages growth in 2022 does not provide insights into changes in working hours or the prevalence of multiple jobs.

However, if we analyze and compare the working hours of workers in 2022 with those before the pandemic, the situation is likely to appear even bleaker.

In 2023, we are witnessing a distinct narrative, one where the living conditions of workers are deteriorating.

There are instances where individuals can only manage to purchase rice on a per-kilo basis instead of buying it in larger quantities like 5kg or 10kg, reminiscent of a time resembling the economic conditions of the 1980s.

A study conducted by the Centre for Future Labor Market Studies (EU-ERA) in collaboration with Astro Awani during the fourth quarter of 2022 highlighted a concerning situation affecting households in PPR areas in the Klang Valley.

The escalating cost of living has compelled some households to reduce their skip and reduce daily meals.

Regardless of the economic reform policies that may be put in place, the primary objective should always be to safeguard the well-being of the people, ensuring they have access to an adequate food supply for their entire families.

Policies related to investment, renewable energy, and subsidies should translate into tangible improvements in people's living standards.

Short-term policies also need to be implemented with careful consideration to avoid further burdening those with low incomes.

It's important to note that while a macro-level evaluation may provide one perspective, a micro-level assessment can yield different insights. Therefore, any steps taken must be comprehensive and consider various viewpoints to benefit all segments of society.

Controlling inflation is essential to maintain economic stability and prevent both excessive growth and contraction. However, allowing inflation to remain too low can also pose a threat to job creation and income generation.

Extremely low inflation can be detrimental to businesses, as it can lead to decreased revenue and profit margins. When prices are stagnant or falling, companies may struggle to cover their costs and may be less inclined to hire new employees.

Moderate and stable inflation (typically in the range of 2-3 per cent) is often seen as conducive to economic growth, as it encourages spending and investment.

For the records, monthly inflation rates dropped from 3.7 per cent in January to 2 per cent in August 2023. Economic uncertainties if not addressed properly can create a social crisis.

To avoid such circumstances, creating active and responsive economic assistance programmes, such as distributing consumer vouchers for essential items, job creation programmes, cash transfers and financial support for MSMEs can be a dynamic approach to addressing changing economic conditions.

In the case of price hikes of essential items, creation of contingency plans and emergency assistance programmes to respond quickly to sudden price spikes or supply disruptions, is welcomed. These programmes can include rapid distribution of relief items and services.

In the present economic situation, it is imperative for the government to adopt more proactive and innovative approaches to economic management and demonstrate greater responsiveness to prevailing uncertainties.

Proactive measures must be taken to prepare for potential anomalies on the horizon.

The government of Singapore recently announced a S\$1.1 billion cost-of-living support package to provide more relief for Singaporean households, especially for lower- to middle-income families.

When will Malaysia implement the support package, as our neighbouring country has already done?