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Letter to the Editor

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Towards a Fairer and More Sustainable Economic Future for Malaysia

The Consumers' Association of Penang (CAP) welcomes the government's efforts to assist those in need during these challenging economic times, as outlined in the Prime Minister Datuk Seri Anwar Ibrahim's Special Speech on 23 July 2025. However, we stress that such initiatives should serve as short-term relief only, particularly in light of the rising cost of living, subsidy rationalisation, and global economic uncertainties.

Although the government has announced an increase in the Minimum Wage Rate to RM1,700 from RM1,500, effective 1 February 2025, there is a pressing need to shift towards adopting a living wage. The real value of wages has diminished significantly, falling to nearly a third of what it was four decades ago. In 1984, fresh graduates earned about RM1,300 a month, which, when adjusted for inflation, would be equivalent to RM7,000 to RM8,000 today. Therefore, it is a step in the right direction to gradually raise the minimum wage, particularly given that Malaysian wages have long been stagnant and have not kept pace with inflation.

Persistently low wages have led to a brain drain, with Malaysian workers seeking better opportunities abroad, while attracting low-paid foreign workers to the country. This has discouraged employers from hiring locals for the same roles and has further weakened domestic purchasing power, which is detrimental to the broader economy.

The government's decision to raise the cash assistance allocation under the Social Welfare Department (JKM) to RM2.9 billion, alongside the increased monthly welfare aid for the elderly and children from low-income households, is a positive move. These groups have been hit hard by inflation, which continues to undermine their ability to lead a dignified life.

Nonetheless, the government must prioritise long-term structural reforms in education, healthcare, infrastructure, productivity, and fiscal management. Heavy reliance on cash handouts can be counterproductive, potentially leading to fiscal deficits, public dependence, and inflationary pressures.

Consumption support plays a role in economic recovery, but sustainable growth depends on the country's capacity to produce, innovate, and generate employment. While supporting the most vulnerable, the government must also enhance labour market participation. One of the key barriers is the lack of affordable childcare and the absence of a living wage policy, which allows inflation to continue outpacing wage growth.

In the agricultural sector, the government should encourage padi farmers to adopt biological control methods as part of an ecologically based approach to pest management. Thai farmers have successfully used Khaki Campbell and Muscovy ducks to control pests such as cherry snails, apple snails, weeds,

and other small infestations. While the Muda Agricultural Development Authority (MADA) has trialled this method, it has yet to be widely adopted in Malaysia. The government should reduce agricultural chemical subsidies and promote biological alternatives, which could also offer farmers an additional source of income.

CAP acknowledges the increase in the Rahmah MADANI sale allocation from RM300 million to RM600 million. However, we must recognise that such measures are temporary. Malaysia has long suffered from food insecurity and continues to rely heavily on food imports, even for produce that could be cultivated locally. This overreliance exposes the country to food shortages and inflation, particularly during disruptions in global supply chains, such as those experienced during the COVID-19 lockdowns. It also results in the loss of valuable foreign exchange.

The recent decision to freeze toll rate hikes may appear beneficial to motorists, but it comes at a high cost. The government is expected to compensate concessionaires with more than RM500 million, a burden that ultimately falls on taxpayers. While we understand that the government is tied to long-term legal and financial obligations under concession agreements, CAP urges the consideration of a gradual buyout strategy to reduce long-term fiscal pressure.

On fuel subsidies, CAP believes that the RON95 subsidy should be targeted specifically at the B40 and lower M40 income groups. The purpose of subsidies is to assist those in need, and those in the upper M40 and T20 categories should pay the market rate for fuel.

Similarly, the one-off RM100 credit through MyKad, due to begin on 31 August under the expanded Sumbangan Asas Rahmah (SARA) initiative, should be given only to those in genuine need, rather than being disbursed universally to all Malaysians aged 18 and above.

It is essential to remain mindful that Malaysia's total national debt has exceeded RM1 trillion. Prudent fiscal management is needed to ensure that savings are used to reduce debt and improve the nation's infrastructure.

Malaysia's continued dependence on low-skilled foreign labour remains a structural weakness. Foreign workers account for 14 per cent of the labour force, or 2.37 million individuals, mostly employed in low-paid, undesirable jobs commonly referred to as the 3Ds—dirty, dangerous, and difficult. Meanwhile, our education system remains outdated, geared towards an industrial rather than a digital or regenerative economy. CAP calls on the government to address these structural barriers and ensure Malaysia is better positioned for long-term, inclusive growth.

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