

Malaysians are Better off than they were Thirty Years Ago

1.0 Introduction

Since the 1980s, Malaysia has undergone vast development and structural reforms under various government policies. These changes have impacted the lives of Malaysians regardless of race, religion or socio-economic status.

Are Malaysians better off than they were thirty years ago? Without doubt, Malaysians are better off today in terms of enhanced socio-economic well-being, a more open society, more business opportunities, improved infrastructure/facilities and better political representation.

2.0 Enhanced Socio-Economic Well-being

The quality of life in Malaysia improved considerably in the period between 1990 to 2009, during which the overall Malaysian Quality of Life Index (MQLI) increased by 15.6 points, from 100 points for the base year 1990 to 115.6 points in 2009 (see Table 1). The improvement in the quality of life can be seen from the 2009 MQLI; the housing component recorded the highest increase of 32.3 points, followed by education (30.9 points) and health (30.8 points). Other components such as working life, income & distribution, transport &

Table 1: Malaysian Quality of Life Index (MQLI) 2009

Index (1990 =100)	2009	% Change (1990-2009)
Income & Distribution	121.2	21.2
Working Life	129.6	29.6
Transport & Communication	120.5	20.5
Health	130.8	30.8
Education	130.9	30.9
Housing	132.2	32.3
Environment	98.8	-1.2
Family Life	107.3	7.3
Social Participation	109.9	9.9
Public Safety	80.0	-17.0
Culture & Leisure	106.7	6.7
Malaysian Quality of Life Index (MQLI)	115.6	15.6

Source: Economic Planning Unit (EPU), Prime Minister's Department Malaysia

communication, social participation, family life and culture & leisure also recorded improvement.

However, what is worrisome is that both public safety and environment components in MQLI showed a decline. It is not surprising that the reduction of crime rate is one of the critical elements in the National Key Result Areas (NKRAs) under the government delivery vehicle, PEMANDU.

Figure 1: Malaysian Quality of Life Index (MQLI) 1990 & 2009



Source: EPU, Prime Minister's Department Malaysia

Table 2: Important Statistics in 1980 and 2010

	1980	2010
Life expectancy at birth		
Male	66.4	71.7
Female	70.5	76.6
Infant mortality rate	23.9/1,000 live births	6.3/1,000 live births
Doctor-population ratio	3,598	853
Literacy rate	72.2%	
15 years & above	n.a.	93.1%
15 years & below	n.a.	93.7%
Pupil-teacher ratio		
Primary	27.3	13.0
Secondary	22.5	13.4
Cellular phones	n.a.	1,176/1,000 population
Broadband subscribers	n.a.	556/1,000 households
Incidence of poverty		
Rural	45.8% of household	8.4% of household
Urban	17.5% of household	1.7% of household

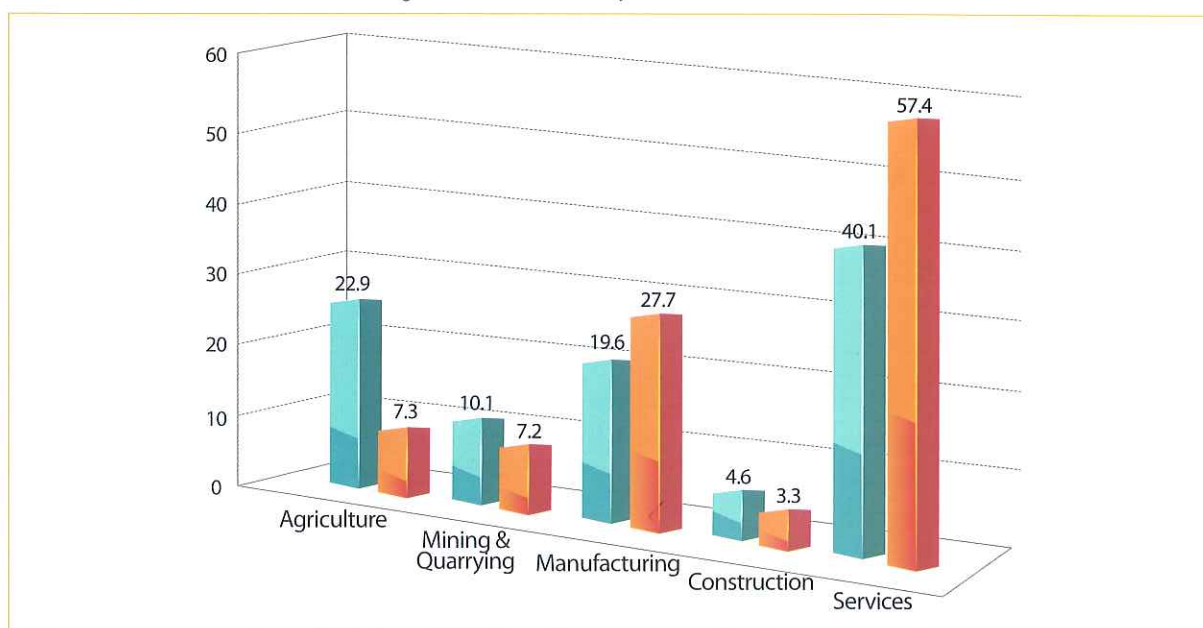
Source: EPU, Malaysia

Over a period of 30 years, from 1980 to 2010 (Table 2), there was an improvement of our socio-economic well-being (EPU, 1999, 2006 and 2011). For example, the life expectancy at birth for males increased from 66.4 to 71.7, whereas for females, the increase was from 70.5 to 76.6. Infant mortality rate improved from 23.9/1,000 live births to 6.3/1,000 live births. Doctor-population ratio showed an improvement from 3,598 to 857. Literacy rate increased from 72.2% to about 93%. Pupil-teacher ratio for both primary and secondary schools also improved from 27.3 and 22.5 to 13.0 and 13.4 respectively. Incidence of poverty for both rural and urban areas indicated a reduction, from 45.8% and 17.5% of household to 8.4% and 1.7% of

household respectively. The statistics also showed there were 1,176/1,000 subscribed cellular phones users and 556/1,000 households subscribed to broadband in 2010.

In terms of sector contribution to the Gross Domestic Product (GDP) of the country (Figure 2), the services and manufacturing sectors have increased their share of contribution to GDP. The growth of the two sectors was from 40.1% and 19.6% in 1980 to 57.4% and 27.7% in 2010 respectively. In contrast, there was a decline in the other sectors from 1980 to 2010. The agricultural sector saw a drop from 22.9% to 7.3%, mining from 10.1% to 7.2% and the contribution of the construction sector decreased from 4.6% to 3.3%.

Figure 2: Share of GDP by Sector 1980 and 2010



Source: Department of Statistics, Malaysia

3.0 More Open Society

Malaysian nowadays are more open in terms of liberalization of the economy, increased efficiency of Government delivery system, amendments to draconian laws and freedom to access internet.

The liberalization of the economy includes 27 services sub-sectors which were allowed up to

100% of foreign equity in 2009 (Figure 3) and another 17 services sub-sectors in 2012 (MIDA, 2010 and The Star, 2012, April 2) (Figure 4), abolishment of the Foreign Investment Committee (FIC) (EPU, 2009), and offering of incentives for investment in economic corridors such as Iskandar, The East Coast Economic Region (ECER), etc.

Figure 3: Liberalization of the 27 Service Sub-sectors in 2009

Services Sub-sector for Liberalization

Computer and Related Services

1. Consultancy services related to the installation of computer hardware (CPC 841).
2. Software implementation services - systems and software consulting services; systems analysis services; systems design services; programming services and systems maintenance services (CPC 842).
3. Data processing services - input preparation services; data processing and tabulation services; time sharing services and other data processing services (CPC 843).
4. Data base services (CPC 844).
5. Maintenance and Repair Services of Computers (CPC 845).
6. Other services - data preparation services; training services; data recovery services; and development of creative content (CPC 849).

Health and Social Services

7. All veterinary services (CPC 9320).
8. Welfare services delivered through residential institutions to old persons and the handicapped (CPC 93311).
9. Welfare services delivered through residential institutions to children (CPC 93312).
10. Child day-care services including day-care services for the handicapped (CPC 93321).
11. Vocational rehabilitation services for handicapped (CPC 93324).

Tourism Services

12. Theme Parks (CPC 96194).
13. Convention and Exhibition Centres (seating capacity of above 5,000) (CPC 87909).
14. Travel Agencies and Tour Operators Services (For inbound travel) (CPC 7471).
15. Hotel and Restaurant services (for 4 and 5 star hotels) (CPC 64110 and CPC 64199).
16. Food Serving Services (for services provided in 4 and 5 star hotels) (CPC 642).
17. Beverage Serving Services for consumption on the premises (for services provided in 4 and 5 star hotels) (CPC 643).

Transport Services

18. Class C Freight Transportation (Private Carrier License - to transport own goods) (CPC 7123).

Sporting and Other Recreational Services

19. Sporting Services (CPC 9641) (Sports event promotion and organisation services).

Business Services

20. Regional Distribution Centres (CPC 87909).
21. International Procurement Centres (CPC 87909).
22. Technical Testing and Analysis Services - composition and purity testing and analysis services, testing and analysis services of physical properties, testing and analysis services of integrated mechanical and electrical systems, and technical inspection services (CPC 8676).
23. Management Consulting Services - general, financial (excluding business tax), marketing, human resources, production and public relations services (CPC 8650).

Rental/Leasing Services without Operators

24. Rental/Leasing services of ships that excludes cabotage and offshore trades (CPC 83103).
25. Rental of cargo vessels without crew (Bareboat Charter) for international shipping (CPC 83103).

Supporting and Auxiliary Transport Services

26. Maritime Agency services (CPC 7454).
27. Vessel salvage and refloating services (CPC 7454).

Source: Office of the Prime Minister of Malaysia

Figure 4: Liberalization of the 17 Service Sub-sectors in 2012

Liberalization of the 17 Services Sub-sectors Announced in the 2012 Budget Speech

100 per cent foreign equity allowed for 9 sub sectors since January 2012:

- Telecommunications for the category of Application Service Provider Licence,
- Technical and Vocational Schools;
- Technical and Vocational Schools for students with special needs;
- Private Hospitals;
- Departmental and Specialty Stores;
- Incineration Services;
- Accounting (including audit) and Taxation;
- Skills Training Centres;
- Courier Services.

Foreign equity liberalization in 8 sub sectors is yet to be implemented. Amendments to legislations and review of domestic regulations are being undertaken. The sub sectors are:

- International Schools;
- Telecommunications (Network Service Provider - NSP and Network Facilities Provider - NFP Licences);
- Private Universities;
- Medical Specialists Clinics;
- Dental Specialists Clinics;
- Legal Services;
- Architectural Services;
- Engineering Services.

Source: Ministry of International Trade and Industry (MITI)

The increased efficiency of the Government delivery system is evident especially in the renewal of passports which can be done within 3 hours (Immigration Department of Malaysia, 2012). In addition, the MyKad can be replaced within 1 hour (NST, 2012, June 24); taxpayers enjoy the option of online submission of income tax; and any excess tax paid is refunded within 30 days (Inland Revenue Board of Malaysia, 2012).

The amendment of draconian laws includes the Publication and Printing Act (PPA) and Internal Security Act (ISA). Previously, under the Publication and Printing Act (PPA), the Minister of Home Affairs had absolute discretionary power to approve or renew printing permits, but now when a printing permit is revoked and or not renewed, the action can be challenged in court (The Star, 2012, April 15). With regard to the Internal Security Act (ISA), an accused could be detained without trial for a maximum of 2 years; now he/she must be released or face trial after being detained for 28 days, and the family is informed accordingly (NST, 2012, April 19).

Malaysians enjoy access to Internet sites without restriction, i.e. there is no blocking or censorship.

Access to the alternative media has encouraged the mushrooming of blogs and news portals, and pervasive penetration of social media such as MSN, Facebook and Twitter.

4.0 More Business Opportunities

Various government policies have resulted in the creation of more business opportunities. The implementation of the Economic Transformation Programme (ETP), signing of free trade agreements (FTAs), changing of trade patterns from West to East, and greater penetration of ICT have all contributed positively to the economy. The 12 National Key Economic Areas (NKEAs) under the ETP announced in the Tenth Malaysia include, besides the Greater Kuala Lumpur/Klang Valley, 11 industry sectors which have been prioritized. These are expected to make substantial contributions to Malaysia's economic performance, namely Financial Services, Oil, Gas and Energy, Education, Tourism, Wholesale and Retail, Electronics and Electrical, Healthcare, Palm Oil, Communications Content and Infrastructure, Agriculture, and Business Services (Figure 5).

Figure 5: The 12 National Key Economic Areas (NKEAs)



Source: Performance Management & Delivery Unit (PEMANDU), Prime Minister's Department

A total of 13 free trade agreements (FTAs) have been concluded, i.e. 8 regional and 5 bilateral FTAs (see Table 3). The regional FTAs are ASEAN Free Trade Area (AFTA) (signed on 28 Jan 1992), ASEAN-China (signed on 29 Nov 2004), ASEAN-ROK (signed on 26 Aug 2006), ASEAN-Japan Comprehensive Economic Partnership (AJCEP) (signed on 14 Apr 2008), ASEAN-India (Goods) (signed on 13 Aug 2009), ASEAN-Australia-New Zealand (signed on 27 Feb 2009), Trade Preferential System (TPS)-OIC (signed on 30 June

2004) and D-8 Preferential Trade Agreement (PTA) (signed in 2005). The bilateral FTAs are Malaysia-Japan Economic Partnership Agreement (MJEPA) (entered into force 13 July 2006), Malaysia-Pakistan Comprehensive Economic Partnership Agreement (MPCEPA) (entered into force 1 Jan 2008), Malaysia-New Zealand (entered into force 1 Aug 2010), Malaysia-India (entered into force 1 July 2011) and Malaysia-Chile (entered into force 28 Feb 2012).

Table 3: Free Trade Agreements

STATUS	REGIONAL	BILATERAL
CONCLUDED	<ul style="list-style-type: none"> ASEAN Free Trade Area (AFTA) (signed on 28 Jan 1992) 	<ul style="list-style-type: none"> Malaysia-Japan Economic Partnership Agreement (MJEPA) (entered into force 13 July 2006)
Regional: 8 Bilateral: 5 Total: 13	<ul style="list-style-type: none"> ASEAN-China (signed on 29 Nov 2004) ASEAN-ROK (signed on 26 Aug 2006) ASEAN-Japan Comprehensive Economic Partnership (AJCEP) (signed on 14 Apr 2008) ASEAN-India (Goods) (signed on 13 Aug 2009) ASEAN-Australia-New Zealand (signed on 27 Feb 2009) Trade Preferential System (TPS)-OIC (signed on 30 June 2004) D-8 Preferential Trade Agreement (PTA) (signed in 2005) 	<ul style="list-style-type: none"> Malaysia-Pakistan Comprehensive Economic Partnership Agreement (MPCEPA) (entered into force 1 Jan 2008) Malaysia-New Zealand (entered into force 1 Aug 2010) Malaysia-India (entered into force 1 July 2011) Malaysia-Chile (entered into force 28 Feb 2012)

Source: Ministry of International Trade and Industry (MITI)

The changing of trade pattern from West to East has also benefitted the economy. For example in 1980, our export trade of commodity-based products were mostly with the US and Europe; however, in 2011, our major trading partners for our value-added manufactured products were Brazil, Russia, India, China and South Africa (BRICS). Nowadays, we have even better ties and trade linkages with China and India.

With the greater penetration of information and communications technology (ICT), from low ICT use in 1980 and mainly imported by MNCs, we now enjoy improved business efficiency through ICT, which has become an indispensable tool in business. Furthermore, there is an increase in the diversity of ICT related businesses in the market such as application software, website design, repair & maintenance, sales, computer chips in automobile and appliances.

5.0 Improved Infrastructure/ Facilities

Malaysians also benefit from improved infrastructure and facilities. For example, Malaysians can now enjoy better public transport such as the light rail transit (LRT), monorail & mass rapid transit (MRT) in Kuala Lumpur; there are more opportunities for air travel with the establishment of companies like Air Asia and Firefly; the open sky policy with Singapore has also facilitated air travel. The advanced telecommunications network has enabled Malaysians to enjoy the latest modes of communication through smart devices and wifi such as smart phones, tablets, Blackberry, and other wireless devices. In addition, the construction of vast networks of highways such as those operated by PLUS, NKVE, KESAS, etc. has contributed to better connectivity between the different regions of the country.

6.0 Better Political Representation

With regard to political representation, the government with its coalition of political parties such as UMNO, MCA and MIC have been very dominant for decades.

However, in 2008, the political scenario changed after the 12th general elections. It was felt that there was better political representation with the emergence of 2 political coalitions, i.e. Barisan Nasional and Pakatan Rakyat (comprising of Keadilan, DAP and PAS).

7.0 Conclusion

Over the period of 30 years, our socio-economic well-being has been enhanced; the quality of life has improved considerably as indicated by the MQLI particularly in housing, education and health components. Other statistical indicators have also shown positive changes during the said period of time such as the life expectancy at birth, infant mortality rate, doctor-population ratio, literacy rate, pupil-teacher ratio, and incidence of poverty. The manufacturing and services sectors have outshone other sectors with regard to their contributions to the nation's GDP.

The Malaysian economy today is more open in terms of the liberalization of more sub-sectors; there are also more incentives for investment in the economic corridors. There are even more business opportunities for the locals as well as the foreign investors under the Economic Transformation Programme and various free trade agreements. We have also seen the changing of trade pattern from West to East, resulting in better ties and trade linkages with China and India, and also greater penetration of ICT in business world.

Malaysians also benefit from improved infrastructure and facilities such as a faster and more convenient mode of public transportation in the Klang Valley, improved lifestyles and communication, and better highway system. In addition, the government delivery system is more efficient. Draconian laws have been amended, and Malaysians enjoy access to the Internet without censorship.

Last but not least, we have better political representation compared to thirty years ago. So are Malaysians better off today? The answer would be a resounding yes!

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