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IDEAS
INSTITUTE FOR DEMOCRACY AND ECONOMIC AFFAIRS

MEDIA STATEMENT

IDEAS welcomes PEMULIH package but calls for better coordination with state governments

Kuala Lumpur, 30 June 2021 - The Institute for Democracy and Economic Affairs (IDEAS) welcomes the National Well-Being and Economic Recovery Package (PEMULIH) announced on June 28th, 2021, especially some innovative measures announced in the package. Among them are the allocation of RM 300,000 to MPs regardless of political affiliation for food basket assistance, a food basket programme for the Orang Asli community, fiscal support for the leisure and entertainment sector, and one-off assistance to school canteen owners. We also welcome the government's decision to continue initiatives of the previous packages.

IDEAS CEO Tricia Yeoh stated, "We welcome the government's initiative to provide equal allocation to the members of parliament irrespective of their political affiliation to provide food baskets for their constituencies. This is a positive step for constituency allocation, and equitable distribution for Constituency Development Funds should be maintained after the crisis ends. We also urge the MPs to report the use of the allocation transparently to the public. In fact, the government should require the MPs to publish expenditure reports on how they have spent the allocation for transparency and accountability."

"All the initiatives are necessary. However, what we find missing is a plan to work together with the state governments to better handle the pandemic. With better coordination, limited resources can be better mobilised to tackle the pandemic. Except for sporadic engagement between individuals in the federal and state governments, we have not seen a significant move from the federal government to make state governments equal partners in tackling the pandemic", Tricia added.

IDEAS notes that most of the measures included in the package represent one-off cash assistance, rather than delivering sustainable support that the public needs. Many of the measures will not be implemented immediately, creating a time-lag effect. There may also be negative consequences of allowing the withdrawal of RM5,000 in total under the EPF's I-Citra initiative, as this has a danger of depleting people's retirement savings over the long term.

We urge the government to consider a more decentralized approach when it comes to the overall pandemic management, including in terms of the vaccination rollout, COVID-19 testing, and the implementation of restrictions according to local severity rather than focusing on a centralised, nation-wide lockdown. We recommend some allocations may be provided to state governments to take on these additional shared responsibilities.

Finally, Tricia said, “Separately, Malaysia has ranked 51st out of 53 economies in Bloomberg’s Covid Resilience Ranking for the month of June. IDEAS is increasingly concerned that the government’s National Recovery Plan has not laid out concrete steps and strategies that will allow us to move more rapidly from one phase to another. I reiterate the call to increase vaccinations up to 300,000 a day and implement mass, frequent and affordable testing. The faster we emerge from the prolonged lockdown, the faster economic recovery can take place. Until then, fiscal assistance will need to continue alongside expanding the government’s fiscal position.”

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About IDEAS
The Institute for Democracy and Economic Affairs (IDEAS) is a nonprofit research institute, dedicated to promoting solutions to public policy challenges, focussing on three overarching missions – advancing a competitive economy, ensuring trust in institutions and promoting an inclusive Malaysia. IDEAS is Malaysia’s first independent think tank, free of personal interests and partisan influences. For more information, visit www.ideas.org.my.

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