

Opinion on subsidies in malaysia

[Sociology](#), [Poverty](#)



But subsidies are essential, and has always been so to ensure the survival of all persons in Malaysia - especially those from the lower-incomes groups - including the middle class. The plan of removing subsidies - and using the moneysaved to channel financial assistance directly to the poor is being now thrown around. But alas, this really will not work given the rise of 'corruption' and 'discrimination' in Malaysia. Even today, there are many complaints that the NOUN-led BAN government certainness against persons belonging to (or alleged to be supporters of) other Opposition parties/persons.

Connections are 'important' in Malaysia when it comes to receiving benefits and opportunities, and that is why it is best to just maintain subsidies for all essential items that affect survival and normal day living of all Malaysian. Remember, subsidies are only for the basic needs. With the opening of markets, and the entry of foreign companies - this will mean that the Malaysian government money may have to be given to these foreign companies as 'subsidies' to maintain the low prices that people in Malaysia pays.

Why pay the foreign companies? Because there is no choice for just paying local current service/material providers as this would be a violation of the 'free trade' equal competition requirement. Today, subsidies with regard to electricity is paid to Tenant - but when another foreign utilities company comes in, then that company too will have to be paid 'subsidies'. Whose fault? The NOUN-led BAN government - but we have to pay for its mistakes in the past today and tomorrow. Subsidy, at best, is a poor mechanism to make food/fuel/services affordable to the less fortunate. Because of the <https://assignbuster.com/opinion-on-subsidies-in-malaysia/>

nature of goods and services being subsidized, preventing subsidy reaching the wrong hands is difficult. Put it another way, getting subsidy to be enjoyed by the target people is tough because these goods and services are consumed widely. Besides, subsidy often create distortions in a market- river economy giving the false impression that the cost of production is low.

Hence, subsidy should be given out to specific deserving individuals through a concession system on selected goods and services (such as medicine, public services). A better form of assistance to deserving citizens is through financial assistance paid according to needs. The people of a country must learn how to live according to world prices and this will make it more in tune with global competition. Economics By Yakima