

Poverty, inflation and unemployment



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Unemployment, inflation and poverty have become issues worldwide, including Malaysia. Unemployment can be defined as those of working age who is without work, but who are available for work at current wage rate. In other word, unemployment involved people who are seeking for a job, but unable to find one. Historically, from 1998 until 2013, Malaysia Unemployment Rate average 3.33 Percent reaching an all time high of 4.5 Percent in March of 1999 and a record low of 2.70 Percent in August of 2012.

In Malaysia, the unemployment rate is measured by the number of people actively looking for a job as a percentage of the labour force (Trading Economies, 2013). Whereas, inflation is a general increase in prices and fall in the purchasing value of money. Meaning that, inflation is a lot of money chasing after few goods. In Malaysia, as reported by Department of Statistics Malaysia, the annual inflation rate increased to 1.6 percent in March 2013, from 1.5 percent recorded in February, as a result of higher prices for food, health, education and hotels (Trading Economies, 2013).

This increasing in inflation will affect the country as money will start to lose its value. In other hand, poverty refers to the condition of not having the means to afford basis human needs such as clean water, nutrition, health care, clothing and shelter. Malaysia has adopted three concepts of poverty which is absolute poverty, absolute hardcore poverty and relative poverty. Malaysia has successfully eliminated extreme poverty and hunger. However, standard of living in peninsular Malaysia is differing from east Malaysia due to the poverty.

All these three problems need to be overcome immediately in order to provide a country with economic stability to its citizens. Thus, policy makers have to play a crucial role to eradicate all these issues or problems. Unemployment, as stated earlier, is those at working age who are without work, but who are available for work at current wage rates. The unemployment rate can be defined as the number of people actively looking for a job divided by the labour force. Changes in unemployment depend mostly on inflows made up of non-employed people starting to look for jobs, of employed people who lose their jobs and look for new ones.

The formula of unemployment rate is; $\text{Unemployment Rate} = \frac{\text{total unemployed}}{\text{total labor force}} \times 100\%$. Unemployment rate in Malaysia remained unchanged at 3.30 percent in January of 2013 from 3.30 percent in December of 2012 as reported by the Department of Statistics Malaysia. To reduce the rate of unemployment in Malaysia, policy makers have to play an important role in ensuring this problem can be solved. Firstly is launching a program to train or re-train unemployed especially fresh graduates.

This program is really important to be launched because it will help the fresh graduate to acquire a job. We can see a phenomenon today as many fresh graduates are not able to find a job. Based on the 2011 Graduate Tracking Study of the Higher Education Ministry, about 40,000 graduates are still unemployed (The Star Online, 2012). This shows that the graduates failed to secure permanent jobs six months after graduation but usually were gainfully employed within two years. Thus, our government or policy makers must introduce any programs that will lead a way out from this problem.

For instances, Graduate Training Scheme and Majlis Latihan Vokasional Kebangsaan help Malaysian to further their studies while getting paid by the government. Meaning that, this program will reduced the number of unemployed in Malaysia. In addition, program is launched just to avoid the unemployment among fresh graduates. For example, chief minister of the states of Pahang, Datuk Seri Adnan Yaakob has launched Kerjaya Program in order to create a group of skilled and trained workers, thus reducing the unemployment rate among fresh graduates.

200 graduates had been selected for the Graduate Placement Program (GPP) under Kerjaya which started last October, and they would be taken in on a two-year contract with the opportunity to be absorbed as permanent staff at the end of their tenure (New Straits Times, 2009). Besides, Malaysia's government through Ministry of Human Resources has organized Program 'Train and Place' to help the citizen to get the job and decrease the unemployment rates due to the recent economic downturn and the increasing rate of the unemployment.

This program offer variety of subject such as business admin, entrepreneur and others (Lowyat. net, 2009). This proves that government as a policy maker playing their roles in continuously provide various program to reduce number of unemployment among citizen. Policy makers must ensure the programs must be able to compete with the current condition as the existing program may not able to solve unemployment rate in this current time. Thus, it comes to the roles of policy makers to ensure the programs are conducted effectively in reducing the unemployment rate.

The second role of policy maker in order to eradicate unemployment is provide more job opportunity such as recruit more people into the public sector. Hiring more people and provide more job opportunities to people. Since 1997, government has recruited thousands of Malaysian to the public sector for both supports level and management levels. As a result, total employees with the government are more than 1.2 million people compared with only 800 000 in the late 1990s.

For example, there are many vacancies for labour as government needs to develop more facilities at sub urban and rural area such as road, highways, and also for construction projects. This will help to reduce the unemployment rate. However, the people need to change their mind set first as many people in Malaysia are choosy to apply a job. Thus, policy maker may need to brain washed the people by introduce program such as counselling so that they will utilize the job opportunity existed in our country.

Besides, policy maker should provide more jobs in various sectors such as agriculture sector. In agriculture, more work forces are required to fulfil the demand of the market. Many plantations in Malaysia are going to be opened and more jobs opportunity to the unemployed. In Furthermore, Small Medium Enterprise provide job and become a resources for people to earn for their living. In rural area, people may produce local product such as handy craft products, batiks and local foods.

This will help unemployed to get job and they will also learn on how to increase the productivity and develop more skills. This alternative will help to eradicate unemployment among the citizens. The other role of policy makers in eradicate the unemployment issue is through unemployment benefit.

According to Cause and Effect (n. d.), review that unemployment benefit is the benefit provided for the unemployment which they need to fulfil the requirement of the benefit. The unemployment benefit can be in the term of severance pay, employee's provident fund, work injury insurance and others.