Economist moots pay cuts for ministers

By Adib Povera - July 16, 2022 @ 7:57pm

An economist has proposed that cabinet ministers and their deputies take pay cuts as part of the government's austerity drive amid the rising cost of living brought about by volatility in the global market. - NSTP file pic

KUALA LUMPUR: An economist has proposed that cabinet ministers and their deputies take pay cuts as part of the government's austerity drive amid the rising cost of living brought about by volatility in the global market.

Associate Professor Aimi Zulhazmi Abdul Rashid said cutting salaries and allowances of ministers and their deputies would complement the government's austerity measures announced in a circular dated July 14.

He said implementing pay cuts, coupled with the austerity measures, would reflect the government's commitment to mitigating the impact of a volatile global economy on the people.

"To go in tandem with the austerity measures, it is recommended that cabinet ministers take pay cuts to show the seriousness of the government in helping all segments of society.

"We cannot control external factors because it is a global situation, from disruptions to the supply chain to the geopolitical development in eastern Europe.

"However, we can take control of our domestic situation," said Aimi Zulhazmi, who is an economic analyst at Universiti Kuala Lumpur's Business School.

He said he welcomed the austerity measures, which he described as a step in the right direction.

He said the austerity measures underlined the critical situation the economy is in and it should serve as a guideline for the private sector.

He said the reported 9.1 per cent inflation rate in the United States for June would mean tighter monetary control and higher interest rates, which would affect global economic recovery.

In Malaysia, he said, expenditure on subsidies is expected to exceed the national budget meant for development.

"Therefore, towards the end of 2022, we should not expect there to be much development expenditure left. This may affect the formulation of the 2023 Budget."

Political analyst Azmi Hassan said austerity measures should have been introduced at the beginning of the year.

"It is a good measure, but it is a little late," said the senior fellow at the Nusantara Academy for Strategic Research.

He said ministers and their officers have made many official visits abroad in the last few months.

"These visits incur enormous expense and it should have been stopped a long time ago.

"I think it is not enough for them to travel in economy class. We should discourage these visits at the moment if they are not critical."

Azmi said the civil service's efforts to cut spending should be appreciated as the savings can go to subsidies.

"The five per cent target for austerity measures for government agencies is very achievable. Perhaps the target should be increased to 10 per cent next year."

Treasury secretary-general Datuk Seri Asri Hamidon, in a circular dated July 14, announced that the government would implement new restrictions to optimise government spending amid the rise in the cost of living.