

'Govt aims to eliminate middlemen'

KUALA LUMPUR: The government is studying ways to reduce food prices and raise the income of producers by eliminating middlemen in the supply chain.

Domestic Trade and Consumer Affairs Minister Datuk Seri Saifuddin Nasution Ismail said these measures would be the priority in efforts to reduce the cost of living.

"We are talking about an open market, but we still have middlemen that contribute to the price increase," he said at the launch of the 21st Malaysia Economic Monitor report, titled "Making Ends Meet", here yesterday.

Saifuddin said the government should not only tighten enforcement, but also educate traders on making a reasonable profit.

He said the government would look into implementing a new system to control middlemen.

"It is hard for the government to make any changes in the (middlemen) system because it has already become a tradition."

World Bank country director for Brunei, Malaysia, the Philippines and Thailand, Dr Mara Warwick, said Malaysia needed a combination of short-term measures and longer-term policy interventions.

"Over the short term, efforts can be exerted to re-evaluate existing price controls and better align with the consumption patterns of the bottom 40 per cent, to deepen social assistance benefits, to raise the financial literacy and awareness of Malaysian households.

"Over the longer term, deeper structural reforms will be necessary to boost market competition to ensure an adequate supply of affordable housing and to increase people's income levels."

She said sustainable income growth could be achieved among households with the enhancement of labour productivity.

"This is through enabling firms to re-align their own investment and hiring incentives."

Warwick said the government needed to scale up investments in people to encourage sustainable, inclusive economic growth.

"Hence, Malaysia can make policy decisions to combat inequality and improve the lives and opportunities of the poorest."