

Translating GDP Growth into Better Quality of Life

Even with the crisis, Malaysia has recorded an impressive economic growth track record during the 1990s. Although we have made respectable gains in material wealth, it was not quite certain whether the overall quality of life has actually improved. Conventional economic measures such as GDP growth and unemployment rate can only give a narrow view of the benefits of development. Economic growth that does not translate to a better life for society is of little value. This has prompted the Economic Planning Unit (EPU) to produce the Quality of Life report for the past three years, the latest being the 2004 issue released in January 2005. The Malaysian Quality of Life Index (MQLI) is intended to be a comprehensive measure of welfare and human well-being, from a broader perspective which includes not only income but other aspects of life such as working life, family life, transport and communications, health, education, and public safety.

However, due to the paucity of data, especially for social indicators such as divorce rate or membership in non-profit organisations, the index could utilise data up to year 2002 only. Although there is no such thing as a perfect measure, the MQLI is designed to be reasonably objective as the data are based on actual quantitative measures rather than subjective personal perceptions.

As generally expected, Malaysia's quality of life has continued to improve from 1990 to 2002, as indicated by the 9.8 percentage points rise in the MQLI. All the components of the MQLI reported increases, except for two areas, public safety and the environment. This shows that economic growth over these years has actually translated into a higher quality of life for society. The top three areas reporting the highest gains were transport and communications, working life and education. The rising number of vehicles on the road and better telecommunication services contributed to the rise in the transport and communications index. Low unemployment and the reduction in industrial accident have contributed to better working conditions. The higher tertiary enrolment and lower teacher-student ratio reflect improvement in the education system. Even so, the high

number of unemployed graduates has raised questions about the employability and marketability of our graduates.

Two components of quality of life that have deteriorated are public safety and the environment. This is quite worrisome. Crime rate per thousand of population had increased from 3.8 per thousand people in 1990 to 6.2 per thousand in 2002. Rising crime rate can create an uneasy feeling of being unsafe and this will affect the quality of life. Due to limited capacity of the police force, community members have initiated their own neighbourhood safety measures. Reducing crime rate will make Malaysia a safer country and this could attract more tourists and foreign investments. Another worsening public safety aspect is the rising number of road accidents, despite increasing efforts to reduce accidents during festival seasons and the many awareness campaigns.

The quality of life is also adversely affected by the deteriorating environmental conditions, particularly in the air and water quality. The rapid increase in the number of motor vehicles, urbanisation and industrial growth have all contributed to the deterioration in air quality. The pollution in our rivers has made it more difficult and costly to maintain good water quality. Although the percentage of forested land to total land area had increased from 58.9 per cent in 1990 to 61.3 per cent in 2002, this trend could be reversed if uncontrolled and excessive land clearing is carried out, ostensibly in the name of development. To achieve sustainable development, environmental impact assessment should be given due consideration.

The 2004 Quality of Life Report also looks at some indicators at the state level. Generally, the report has found that the quality of life in all states has improved between 1990 and 2002. In terms of income, the Federal Territory of Kuala Lumpur tops the list with the highest average monthly household income in 2002 (RM4,930 per household), while Kelantan takes the bottom position with an average monthly household income of RM1,674. This shows that income disparity across states in Malaysia is still quite significant. Reducing the imbalance in state development would result in reduced

inequality at the national level. There will also be fewer problems with regard to domestic migration and migration-related social problems.

One achievement that we can be proud of is the significant reduction in poverty level across the country. The incidence of poverty has declined further from 16.5 per cent in 1990 to 5.1 per cent in 2002. Regrettably, poverty incidence still runs high in Sabah (16%), and Kelantan (12.4%), with Terengganu and Kedah having a tie at 10.7%. Malaysia has an admirable track record in poverty reduction, and we certainly have the experience and capability to reduce poverty level further.

Malaysia's developmental approach is not just about accumulating material wealth. What's more important is achieving quality growth where prosperity is dispersed across a wide segment of society. Along with the gains in material wealth, the broader and more encompassing measure of quality of life has improved for most Malaysians. However, we still have to work on two very important areas, namely, public security and the environment, so that our quality of life can get better. It is unlikely that economic growth will be as rapid this decade as in the 1990s, but with the significant progress made in improving the quality of life, we can still lead a much better life even with a more moderate growth pace.

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