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Balancing the budget

By A Kadir Jasin

IT IS good news that Prime Minister (PM) Datuk Seri Abdullah Ahmad Badawi, who is also Finance Minister, is confident that the government can achieve the target of reducing the budget deficit to between 3.5% and 4% of Gross Domestic Product (GDP) by the end of 2005.

Balancing the budget has been one of the objectives of the government's economic recovery plan launched after the 1997/98 regional economic crisis.

The former Prime Minister and Finance Minister, Tun Dr Mahathir Mohamad, when presenting the 2003 Budget in October 2002, said the government hoped to achieve a balanced budget by the end of the Eighth Malaysia Plan period. The plan ends next year.

By curbing expenditure, the government has been progressively reducing the deficit - from 6.5% of the GDP in 2001 to 5.4% last year and an estimated 3.3% this year.

What Abdullah is saying is, while the objective of a balanced budget may not be achieved by the end of next year, the deficit is within the ability of the economy to support.

There are only two ways of balancing the budget or, as indicated by the PM, keeping the deficit in check, that is to continue reducing expenditure and increasing revenue.

The first option requires some very serious belt-tightening measures because even at the level of operating expenditure there is only a small surplus remaining for development.

The current year's budget allocates an expenditure of RM112.5 billion - RM80.5 billion for operations and RM30 billion for development - on the back of an estimated revenue of RM95.6 billion.

Of course, for as long as we can remember, the government has been borrowing money - at home and abroad - to finance development.

This is one of the reasons why current expenditure is on the higher side. The government has to set aside a sizeable amount of money to service the interest on the loans and when they mature, to pay back the principal.

SHRINKING THE BUREAUCRACY

REDUCING the operating component of the budget does not look like a viable option unless the government is willing to spend less on the bureaucracy.

The task of controlling expenditure will become even tougher if the government is forced to employ the tens of thousands of graduates who are currently unemployed.

One aspect of the public sector employment that appears to have been forgotten or not given sufficient attention, is the tacit recognition some years ago that the size of bureaucracy would be progressively reduced through privatisation.

Despite many government departments, agencies and companies having been privatised and many large public projects contracted to the private sector, there has been little change in the public sector employment and the cost of maintaining it.

On the revenue side, collection continues to be a sticky issue. Either the extent of the revenue has been overestimated or the collection has not been effective enough. There has been a gaping shortfall in revenue collection in recent years.

In the long term, the answer to the government's financial woes is to assist the expansion of the private sector by reducing bureaucratic impediments and inefficiencies, fighting corruption and abuse of power at all levels, reinvigorating the privatisation policy, working harder to attract foreign direct investment and promoting consumer confidence.

Even the promise of open tender for government projects, if implemented, can generate income and instil confidence through such activities as media advertising, the sales of tender documents, the pre-qualification of bidders and the engagement of consultants.

The era of big government and of the public sector driving economic growth is over. Our economy has reached the level where private sector expenditure is the key to continuous growth. There is only so much that the government can do by way of public sector spending to stimulate the economy. A big government is unsustainable.

EMPTY PREACHING

THERE has, for a long time, been the misconception that the United States (US) is a democratic and humane nation. It is celebrated as the land of the free, of milk and honey.

Think again. The US is no more democratic than some of the least democratic nations in world. Even the legitimacy of the election of its president can be a subject of debate.

To begin with not every eligible American voter cast his or her ballot. In the 2000 presidential election that pitted Republican's George W Bush against Democrat's Al Gore, only 51.3% of voters cast their ballots, according to the Federal Election Commission.

The interest of the American people in presidential elections has been steadily waning. The disinterest in the Bush-Gore contest was beaten only by the 1996 Clinton-Dole race when only 49% of voters cast their ballots.

The percentage of voters who came out to vote had been steadily declining from the peak of 62.8% in the 1960 Kennedy-Nixon race. Going by popular choice, Bush lost to Gore by 544,683 votes but claimed victory on account of electoral votes.

As for being a humane society, the US is probably worse than some of the countries it is supposedly trying to democratise.

This is not because the American soldiers and mercenaries are beating Iraqi and Afghan prisoners to death or are treating them like animals in Iraq, Afghanistan and Cuba's Guantanamo Bay.

Random killing, torture and other abuses of human rights by the US are as old as the country itself. European colonisers hunted down the native Indians because the Christian missionaries labelled them heathen and their non-Caucasian look caused terror among the settlers.

They were America's earliest terrorist targets. They either converted to the American ways and accepted European subjugation or suffered death and dehumanisation in the confines of their wasteland reservations. Those who did not die by the settlers' guns perished in epidemics of European diseases.

Times may have changed but the American psyche has not. The conversion of Afghanistan and Iraq to the American ways on the pretext of democracy, human rights and good governance is the 21st century manifestation of the same doctrine - a doctrine driven by military might and economic interests.

PLAYING BIG BROTHER

THE Indians were hunted down and subjugated by the likes of George A Custer because they owned the most productive forests, hills and valleys filled with wild animals, valuable trees and minerals.

Afghanistan may not have what America wants by way of wealth. But with Osama Laden said to be hiding there, Afghanistan is the 21st century

version of Montana's Little Big Horn in 1876.

Like Indian chief Tatanka Iyotake, better known as Chief Sitting Bull, Osama is a terrorist that has to be 'taken out' at all costs.

Iraq, on the other hand, has all the makings of the American West because it is rich in oil and gas. Saddam Hussein and his non-existent weapons of mass destruction were only excuses.

But with mounting guerrilla attacks and a rising US body count, Iraq is beginning to look like America's 21st century Vietnam and Afghanistan has all the makings of its forgotten war in Cambodia.

It is not surprising if the spin-doctors and the likes of Defence Secretary Donald Rumsfeld, National Security Adviser Condoleeza Rice and other militarists in the White House are planning an exit plan not unlike 1975 Vietnam when the US hightailed from Saigon.

President Bush's indignation and Rumsfeld's apology were farcical given the US record of war cruelty and disrespect for global consensus.

The torture and killing of war prisoners at Baghdad's Abu Ghraib prison and the massacre of Vietnamese civilians at My Lai in 1968 were separated only by time and space. They were perpetrated by the same entity - the agents of the US.

Now, as prospects in Iraq and Afghanistan dim, America needs a new war theatre - thus the offer to send its troops to Southern Thailand following last month's clashes between the poorly armed local Muslims and the heavily armed Thai Army.

Despite America's paltry record in global peacekeeping missions, except perhaps in Bosnia-Herzegovina and Kosovo, some countries continue to hold the view that the US is a saviour.

Singapore Prime Minister Goh Chok Tong not too long ago, asserted that since the end of the Second World War, the key stabilising factor in Southeast Asia has been the US, and it would continue to play a vital and irreplaceable role in the future.

Goh had apparently ignored or forgotten the much-touted domino theory in the mid-seventies when it was said that Southeast Asian countries would, like dominos, fall to the communists one after another if the US were defeated in Vietnam.

The US was defeated but the dominos did not fall. Today, Southeast Asia is generally freer of US intervention and is booming alongside China that was once its adversary. It seems that without US instigation, even adversaries can coexist.

Of course one can understand Singapore's dependence on US presence. It relies heavily on the US for the upkeep of its sizeable defence forces. Singapore is today the most heavily equipped nation in the region with 200 combat aircraft in service and on order, and over 1,500 tanks and other types of armoured vehicles.

BEING THE SAME COLOUR

THE cruelty inflicted upon the Iraqis, Afghans and Vietnamese may have caused indignation among many Americans. Opinion polls carried out soon after the publication of the torture reports showed Bush's popularity falling to the lowest level since the invasion of Iraq while that of his rival, John Kerry rose.

But the very same Americans are totally capable of perpetrating a similar act, especially when they are in uniform, and when facing adversaries who are not of their kind. They do this even in their own country.

It has regularly been shown on American television and in the pages of its newspapers, video images and pictures, of white police officers battering African Americans and non-Caucasian immigrants for the slightest transgression. One even had a broomstick inserted into his anus.

Even where colour and creed should rightly not matter, racism and bigotry continue to mar American life. Take the popular TV programme American Idol for instance. Even when professional judges and celebrities as huge as British star Sir Elton John had given the thumbs-up to black contestants, the majority white audience had the habit of voting them out.

Sir Elton was so disgusted with the voting by the national audience that he described it as 'incredibly racist.'

Yet, in Malaysia, a country that a lot of Americans believe is racist, Vincent Chong, a young Malaysian of Chinese and English parentage, had no problem being voted the winner of Akademi Fantasia last year by a largely Malay audience. So who is racist?

The American military in Iraq is in the habit of portraying foreigners in the country as being helpless victims of Iraqi violence. What they fail to tell the world is that many of the foreigners who were killed or kidnapped were mercenaries.

It is estimated that there are as many as 18,000 mercenaries from America, the United Kingdom, Nepal, Chile (believed to be veterans of Pinochet's military dictatorship), Ukraine, Israel, South Africa (white soldiers from the former apartheid regime) and Fiji in Iraq. They are very much a part of the US dirty war in Iraq.

The Iraqis and the Afghans, it seems, are merely repeating what Chief Sitting Bull said 128 years ago: 'The whites want war and we will give it to them.'

Whatever sympathy we may have for the families of the dead American soldiers, is erased by the cruelty the US and its allies inflicted on the Iraqi prisoners and civilians, and by the jingoism of Bush and his neo-conservative handlers.

E-mail: akadirjasin@beritapub.com.my

Besides 'Malaysian Business', Kadir also contributes to local Bahasa Malaysia and English newspaper. These articles can be accessed at www.beritapublishing.com.my under the heading 'In My Own Write'.

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