

PKR: Najib's economic policies facing meltdown
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PKR is raising red flags over Prime Minister Najib Abdul Razak's economic policies as share prices on the Kuala Lumpur Composite Index (KLCI) fell sharply and rating agencies downgraded Malaysia's gross domestic product (GDP) forecast.

"The downgrading of economic growth forecast recently announced by local research houses and analysts may spell an early doom to the grand economic master plan and targets unveiled by Najib's administration through the Economic Transformation Programmes (ETP)," said PKR director of strategies Rafizi Ramli.

Yesterday, Malaysian Rating Corporation Bhd (MARC) revised its GDP forecast for the country for 2011 from 5.3 percent to between four and five percent, and it expects Malaysia's second quarterly growth to fall to four percent.

Rafizi (left) pointed out that the ETP was likely to fail if Malaysia faced further downgrades as economies in the US and Eurozone continued to face instability.

"If Malaysia's economic growth continues to slide as expected, the ETP would have failed even before it takes off because the ambitious plan requires a steady six percent growth annually to reach the GNI per capita target of US\$15,000 (or RM48,000) by 2020.

"A less than five percent growth for 2011 means the ETP has failed to excite the market at the time when the full government focus, resources and machineries were directed to promote it; let alone when all the euphoria wears off two to three years down the line," he said.

Rafizi also drew contrasts with Indonesia, which registered a 6.5 percent growth and is expected to grow by seven percent next year.

"While Malaysia's inflation hit a two-year high in the last quarter, Indonesia's inflation recorded a 14-month low during the same period," he said.

The ETP aims for at least six percent growth annually, with a target of achieving a gross national income of RM48,000 per capita by 2020.

ETP being pumped up by gov't companies

The PKR strategist added that the government's ETP, which is intended to attract private investments to reduce reliance on government funding, is in fact being artificially pumped up by the government-linked companies (GLCs).

"The fact that 77 percent of the top 10 ETP projects will be carried out by GLCs or firms with large GLIC shareholdings is proof that the 92 percent private investment target set out in the ETP is nothing more than a public relations number with no indication that it will ever be achieved," he said.

Among the examples highlighted by Rafizi are the RM36.6 billion Mass Rail Transit (MRT) project and RM60 billion Refinery and Petrochemical Integrated Development (Rapid) project, both of are seeing investments from GLCs.

The top 10 ETP projects amount to RM142 billion, or 81 percent of the total RM173 billion of investment that has been announced thus far.

"While Indonesia has embraced political, economic and social reforms since 1998, the BN government balked at any attempt to spearhead political and social reforms at the detriment of the economy," Rafizi

added.

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