

Budget deficit still manageable, says Najib
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Prime Minister Najib Abdul Razak sidestepped criticisms over the ballooning government's budget deficit, saying that it is "still manageable".

azlanThe PM assured that the deficit that currently stands at 5.4 percent will be reduced to 4.7 percent.

"Last year, we said it will go down to 5.4 percent and this year we achieved (it). The total debt, we are monitoring, but we should be quite comfortable," he said.

The government spent RM12.8 billion in 2008 to service its debt. For 2012, it will be RM20.5 billion - an increase of nearly 60 percent.

Yesterday opposition Leader Anwar Ibrahim rubbished Najib's 2011 budget announcement as "unrealistic" and unable to tackle the nation's widening deficit.

"The deficit growth has never been corrected, even in terms of expenditure, (I suspect) in the next three months there will be another huge supplementary allocation," said Anwar.

"It's clearly an election ploy," he said, adding that elements of it had been "lifted" from Pakatan Rakyat's own alternative budget.

The total 2012 Budget is RM232.8 billion, out of which operating expenditure will consume RM181.6 billion with RM51.2 billion set aside for development.

This is opposed to Pakatan's alternative budget ceiling of RM220 billion to pull down the ballooning deficit to the manageable level of 4.4 percent.

The government had earlier projected a 5-6 percent economic growth for next year, which in turn is expected lower the fiscal deficit by cutting down on development spending.

Asked to comment on doubts expressed about the forecast of GDP growth, Najib said:

"At this moment, that is that we think, but of course if there is a sharp downturn, that is a different story.

"The whole world, without exception but in the present scenario, we think we can still achieve 5-6 percent because of the strong domestic demand and the fact that we have restructured our total trade."

He said that Malaysia's trade with the Asean and East Asia region accounts for about 46 percent of total trade.

"Our total trade with Europe is only 9 percent and America is 10 percent.

"So given that sort of economic scenario, we are still confident of achieving 5-6 percent, especially if our ETP (Economic Transformation Programme) projects and (other) government projects are implemented according to schedule.

"But of course there is one caveat - if there is a sharp downturn, that's a different story," he added when asked about criticisms by economists that the growth and deficit targets were too optimistic, given the weak global outlook.

On another matter, Najib said he was puzzled by Anwar's reluctance to back the proposed boost for MPs' salaries.

"I understand that their MPs want it, when they met with (Minister in the Prime Minister's Department) Nazri (Abdul Aziz), the MPs asked for it to be considered.

"So I wonder why the Opposition Leader is saying otherwise. But his MPs too asked for it. They all want," said Najib.

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