

Burgeoning debt worries Ku Li
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By Andrew Ong

Gua Musang MP Tengku Razaleigh Hamzah is worried that the federal government debt-to-GDP ratio will grow amidst an uncertain economic climate expected next year.

This is because Malaysia's economic performance next year may be hampered by a widely predicted sluggishness of the global economy.

The former finance minister explained that Malaysia's traditional markets - United States, Europe and China - are all expecting an economic slowdown.

tengku razaleigh speech 110310 02 "It is worrying because we depend on external earnings... If we lose a portion of these markets due to a fall in demand for our exports, we may not be able to achieve the numbers put forward by the government," said Razaleigh (right).

Speaking to Malaysiakini at the sidelines of a Malay College Kuala Kangsar Old Boys Association dialogue on Tuesday, Razaleigh said even the government was not confident in its growth figures.

He said Budget 2012 projected a 5 to 6 percent growth, but laments that they were reluctant to state an exact figure.

"They won't even pinpoint 5 or 6 percent. Even 1 percent is a very big amount in an economy like ours. It can be considerable," he said.

Ballooning debt

Razaleigh said that it is worrying that Malaysia's debt had "ballooned" from RM200 billion in 2004 to RM456 billion in 2011.

"It is growing and within this budget (Budget 2012), an enormous amount of money has been outlaid," he said.

NONE Last Friday, Prime Minister Najib Abdul Razak tabled Malaysia's biggest budget yet at RM232.8 billion, up 9.4 percent from the previous year, which is the 15th straight deficit budget.

Last year, Malaysia's debt stood at 53.8 percent of GDP and this figure is expected to grow to 54.8 percent next year.

For 2012, the government projects debt servicing to be at RM20.5 billion, slightly more than what the Malaysian government paid for fuel subsidies in 2011.