

Fiscal deficit not a bad thing, says Najib
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The domestic fiscal deficit is not a bad thing, premier and Finance Minister Najib Abdul Razak told the Dewan Rakyat today following opposition criticism of the growing national debt.

Replying to Ahmad Hamzah (BN-Jasin), Najib said: "The fiscal standing has been in deficit since the late 1990s but this has not affected the country's development."

Najib, however, said that it was important for the government to undertake fiscal transformation in order to ensure that the country's debt does not spiral beyond the self-imposed ceiling of 55 percent of the Gross Domestic Product (GDP).

"If the country's sovereign rating is downgraded, it will give implications on our currency, and finally it is the rakyat who will suffer," he said.

He said that most countries in the world are also undertaking subsidy rationalisation due to the global economic climate.

"Malaysia, however, is taking a gradual approach in order to maintain the economic growth and to take care of the welfare of the people," he added.

He said that any savings made by the government from subsidy rationalisation will be returned to the people either through development funds or targeted subsidy.