

**Of GST and Najib's financial indiscipline**  
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COMMENT Amidst the hullabaloo of parliamentary debate, the Umno-led BN regime bulldozed its long-awaited money-generating Goods and Services Tax (GST) Bill through the Dewan Rakyat.

It has taken them almost a decade to arrive here from 2005. The tabling of the Bill in the Dewan Negara is now *fait accompli*.

The day a BN member of parliament, nay even one from Pakatan Rakyat, breaks rank and refuses to bloc vote but votes on conscience *ad libitum*, it would herald a truly New Politics.

Totally distraught by only a two-day debate period, I would like to continue Round Two of my rebuttal. I would have to only focus on the substantive aspects of the Bill.

The over-arching argument of the BN regime to have the GST Bill passed was because the nation is desperately in need of addressing the huge federal debt. The finance minister resorted to the alarmist tactic of claiming that Malaysia is going bankrupt, as has Pemandu head Idris Jala.

Asked to rationalise why we are such in dire straits, the BN conveniently attributed it to unsustainable subsidy payments and over-reliance on revenue from oil and gas. To this end, the BN argued that a broad-based consumption tax is almost mandatory to keep the nation afloat.

A cool figure of RM20-27 billion at its optimum operation was mooted to cajole the rakyat to pay GST. This, they say, will help the government to help the rakyat. Pathetic! The prospect of ending the 16-year fiscal deficit and avoiding the downgrading of our sovereign rating is finally within reach it seems. Really?

This is where the entire argument of the BN regime is fundamentally flawed. It is both faulty and misconceived as a diagnosis and worse, it is hell-bent on imposing the GST as the wrong prescription. There is now a high risk of the medicine causing a fatal outcome for the patient - the rakyat and the nation!

Pakatan has been raving and ranting that federal debt, now at 45.8 percent of GDP, is not caused by subsidies, or insignificantly at best. To attribute debt to mainly subsidies paid to the rakyat is contempt for 'transfer payment', an established practice to effect a 'redistribution of income in a market system'.

To reduce debt, the BN regime argues for 'rationalisation of subsidy'. Why? Literally, what they are saying is that those subsidies were budgeted when they were really 'irrational' or perhaps 'insane'. Now that they have become more 'rational', they want to

roll back a slew of these subsidies.

Let us get this straight. The rakyat should neither be blamed nor intimidated for subsidy for the enormous debt incurred by the BN regime.

Going by the 'Budget Equation' (where revenue = expenditure), it is only pertinent to remind the government of the day that a balanced budget can only be achieved if the government spends what it earns.

In good bullish times during high growth periods, government should be accumulating surpluses. During recessionary or bearish times, surpluses are spent in a 'counter-cyclical manner' or in a 'pump-priming mode' as to fund deficit spending or a deficit budget for sound economic reasons.

The government must be similarly reminded that there are two other components of the expenditure in the 'budget equation', namely operational and development spending.

### **Wastage of public monies**

It wouldn't be fair to only expect the rakyat to sacrifice their 'subsidy' allocation so as to avoid bankruptcy.

What about the huge subsidies to the Independent Power Producers (IPPs), grants to utility concessionaires, tax-breaks and incentives to industries and corporations? By whatever name, these too are essentially subsidies. Shouldn't the BN regime similarly see to it that all these subsidies are also 'rationalised'?

Additionally debts were incurred because of sustaining bloated prices for contracts and leakages due to corruption. The litany of sins of omission and commission is shameful much as it has caused colossal losses of taxpayers' money.

The ineptitude is ostensibly endemic from procurement and contract administration to asset and revenue management. The yearly and latest report of the auditor-general speaks volumes. The corruption-ridden and crony capitalistic or rent-seeking activities of the BN regime stinks to high heaven and are seemingly unabated.

With the GST in place, shouldn't the government undertake to guarantee that there will always be 'value-for-money' in every ringgit spent at both operational and developmental aspects?

So what good would the RM20-27 billion additional revenue from GST do, given the BN penchant for its notorious fiscal indiscipline? This now begs a serious debate post-GST Bill!

The finance minister must not be allowed to ever believe that he could go back to Parliament again and again, as he is accustomed to these last five years to seek an additional budget, an amount of RM20 billion a year.

Yes, he has now a money-churning machine, but continuing his fiscal indiscipline would

be both scandalous and despicable.

He must start a concrete programme of fiscal reform with a definite time-line and clear 'deliverables' that will eventually see a 'balanced budget' in the very near future. Both federal debt and fiscal deficit must be significantly reduced in a comprehensive fiscal reform.

Crony capitalism or the existence of the rentier-class, manipulation of the market through monopoly and oligopoly, corruption, ineptitude and inefficiency in public expenditure must be aggressively addressed.

While the government has convincingly won the legislative battle of getting the GST in place, the real war is to overcome its own weaknesses. The real challenge is to remain unwavering in embodying the entire gamut of fiscal discipline as a trajectory to achieving genuine reform and a high income-performing economy.

Yes the BN regime has again bulldozed the rakyat by its sheer numbers but not with the strength of its intellect. We shall not allow it to relapse into its bad habits, recklessly mismanaging the wealth and resources of this nation.

Let us not take it sitting down again. We will stand up and be counted on May 1 at Dataran Merdeka. *Jom* (come along), be there!

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