

Najib, look at the bigger picture
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Another lawmaker has called on the Prime Minister Najib Abdul Razak to look at the bigger picture, instead of micro-managing the country's economy.

If the well-being of the rakyat is important to the government, it is time to defer the implementation of the goods and services tax (GST).

Selayang MP William Leong Jee Keen (left) said ordinary Malaysians are facing increasing hardship as a result of the rising cost of living.

"It is clear that the ordinary Malaysian does not have sufficient savings to overcome emergencies, what more the effects of an economic crisis!" Leong said, adding that the GST would become another burden on the ordinary Malaysians.

"As it is, the savings rate of Malaysians has dropped drastically since 2008, while the household debt has risen to record levels, as reflected by the increasing number of bankruptcy cases in the country."

Leong (seated left) said this when commenting on the revised budget forecast for 2015 that the prime minister announced on Tuesday.

Growing external debt

Leong said in a statement released to the media Najib owes it to the people to explain the cause for the sudden jump in the country's external debt, which shot up to RM740 billion in the third quarter (Q3) of 2014.

This is 17-fold jump, compared with the average of about RM43 billion from 1990 to 2013, an indication that the country may be in trouble.

"This is an area of grave concern, and I call on the prime minister to address this issue of the increasing external debt and to identify the government-linked agencies, such as 1MDB (1Malaysia Development Bhd) that have exposure to foreign lenders or foreign currency denominated loans and steps to correct the situation," Leong said.

Najib has also failed to explain how he plans to reduce the external debt in the short- to medium-term.

Despite Bank Negara Malaysia (BNM) revising the definition in May 2014 to include non-residents holding ringgit-denominated securities, the ringgit has taken a beating against the greenback.

This, according to Leong, will have an adverse impact on the government's financial position and the nation's economy.

Malaysia, being a net importer of food, will be affected by the depreciation of the ringgit, yet no proactive effects have been undertaken to encourage local production of food.

"Malaysians also want to know why, at the same time, the foreign exchange reserves have also fallen, and whether this is caused by the government's attempt to use the reserves to defend the ringgit against the US dollar and whether such a defence can continue in the long term," Leong said.

Trade deficits

While Najib is confident that the country's diversified economy will be able to weather the decline in oil prices, Leong thinks otherwise.

"We are already seeing a growing deficit in Malaysia's balance of trade," he said. "The current trade balance is one of the worst in the past 10 years. Malaysia has suffered a sharp decline in trade surplus, from RM8.23 billion in October 2013 to RM1.18 billion in October 2014."

Najib may be optimistic, but the reality is far harsher than what he has expected, when he said that the current shortfall in commodity receipts is expected to be cushioned by increased demand for manufactured goods.

"The reverse may prove to be true," opined Leong. "One of the reasons has been the declining competitiveness of our nation, which has not achieved its declared objectives of the National Economic Transformation Programme after six years."

It is time to go to the drawing board again, because the country's lack of competitiveness is clearly demonstrated by the low current account to GDP, which is due to the nation's increasing imports and declining exports.

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