

Give BR1M to the poor, take back via GST

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By Yoursay

YOURSAY 'Now with the GST, the poor will also have to pay taxes.'

PM: BR1M not political ploy but Bank Negara's idea

FellowMalaysian: PM Najib Razak is feckless in telling us now that Bantuan Rakyat 1Malaysia (BR1M) was not his proposal and neither was it used as a bait to attract voters.

In the run-up to GE13 in May 2013, during the many months of an extended campaign period owing to Najib's indecision on holding an early election for fear of losing his post, BR1M was widely used as Umno-BN's arsenal of weaponry in defending their fort.

Even though the handouts were announced after GE13 for the year 2013, Najib and his cohorts never failed to remind the people, and especially BR1M's recipients, time and again that the handouts were dished out under Umno-BN's auspices.

Now that former PM Dr Mahathir Mohamad has openly criticised BR1M as a political ploy which only served to make the recipients lazy, Najib is claiming that BR1M was actually hatched by Bank Negara Malaysia (BNM).

In order to protect his own skin and ensure that he doesn't get singed because of certain flaws or oversights of his policies or proposals, it seems Najib is quite capable of playing dumb and ignorant.

Onyourtoes: So the National Fiscal Committee and BNM are now to be blamed. Tell you what; it is not the job of BNM to get involved in dishing out cash.

Please check BNM's vision and mission. If BNM was involved, it only shows you have nincompoops running the Treasury. Do you know the main differences in functions and responsibilities between BNM and Treasury, Mr PM and FM?

If you have allowed the Fiscal Committee to decide, then don't blame them because they work for you, the minister of finance. They can recommend anything, but it is for you to either accept or reject it.

Frankly, as an ordinary citizen with nowhere else to go, I am deeply worried of my financial security. But how would you know the plight of the people when your preoccupations were executive jets, weddings, bonds, land deals, etc.

Wira: Let me trace back the reason how BR1M came about.

Remember after the Pakatan Rakyat government came to power in Penang, CM Lim Guan

Eng returned some of the surpluses in his operating budget annually in the form of a RM100 angpow to the senior citizens in his state. He said these surpluses were dividends from a clean government.

In the same year, Najib responded with BR1M - but from our fiscal deficits. Remember in 2009, most Asian economies were facing a contraction because of the US sub-prime crisis and they were giving out free money to their citizens in an effort to stimulate their economies?

Yes, BNM could have suggested this economic simulation in 2009. In 2010, our economy rebounded from contraction with a higher than 7% growth because of this deficit stimulation.

Other nations stopped this deficit priming of their economies after their own economies recovered. Najib crazily continued BR1M for political expediency and now pushed the blame to Bank Negara.

Remember this - deficit priming of an economy is a short-term measure to stimulate domestic spending. It is never used by others to create demand today on borrowed money of our children.

What our finance minister did to distribute money from our deficit after 2010 was despicable after our economy recovered. He should resign, not just from position of finance minister but also from the position of prime minister.

When you give free money to citizens, and especially if you are borrowing money to do this, you are taking money from our children. This is highly irresponsible as borrowed money must be returned.

Najib has put us into debt which our children and their children will have to pay.

Headhunter: Funny, all these while he was patting himself on the shoulders for being Santa Claus.

And who gives the right for Bank Negara to dish out our money anyway? This highly irregular practice is very disturbing to us taxpayers. What happens to all the financial and regulatory practice that Bank Negara is always harping about?

Vgeorgemy: As far as Bank Negara is concerned, the rationalisation of subsidies is the most important reform to be carried out to strengthen the government finances.

Based on the reform, there will be certain assistance required for the low strata of the society to mitigate the increase in the cost of living. They might have suggested direct cash transfer to the poor following the subsidy rationalisation.

Then we should have done the programme as such, and definitely not under 'I Love PM'

banner.

Uncle_Prakash: Essentially, programmes such as BR1M directly transfers wealth from the rich 60% (via reduction in subsidies, income tax and Goods and Services Tax, GST) to the lower 40% income houses (via BR1M) - thus the income inequality gap narrows.

The merit of very targeted cash transfers lays in the potential greater efficiency of cash, as compared to in-kind subsidies, in expanding choice and enabling lower-income households to purchase goods and services that they need instead of receiving it through a government agency or via a NGO, which may be slow or may have leakages (corruption).

Hope for Better Malaysia: No matter how much money is given to the people, It will not be enough. The money should be used to improve the education system, career advancement and continuous betterment of the services sector.

Hplooi: Malaysia is practicing voodoo economics policies. Every once in a while, the ruling elite will descend from heaven and throw money around.

The trouble is, in such an economic model, the curve of income distribution will inexorably congregate towards a "deeper" Lorentz curve (meaning a higher Gini Coefficient - or in simple terms, the rich getting richer).

Don't believe me? Take any starting point and then construct an economic model where random money are being thrown at the hoi-polloi. Any economics or maths graduate should be able to do that.

Wg321: BR1M is like opium. The more you give opium to the people, the more they want. How long can BR1M last? At the most, this euphoria will last one month.

Instead of opium (ordinary BR1M), Najib will need to give a stronger dose like heroin (a bigger BR1M) in order to meet their addiction. By giving opium (BR1M) to the people regularly, how are we to become a developed country by 2020?

Saphire: When BR1M is under attack, it is Bank Negara's idea. But, if it is praised sky-high, it is Najib's idea. No one can twist and turn as fast as Najib, not even Formula One champion Lewis Hamilton.

AkuBangsaMalaysia: Give BR1M and take back through GST. Now with GST, the poor will also have to pay taxes.