

GST is to bail out gov't 'adventures', says Dr M
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Former prime minister Dr Mahathir Mohamad said today the goods and services tax (GST), which the rakyat are bearing, is the result of Putrajaya's "adventures" in accumulating debt in companies such as 1Malaysia Development Bhd and Pembinaan PFI Sdn Bhd.

"Of course adventures such as the 1MDB and Pembinaan PFI only result in unsustainable borrowings.

"And when these adventures lose money, the financial burden of the government is increased.

"By introducing the GST, the government is actually telling the people, including those who are not in the income tax bracket, to bail out the government," Mahathir said in a blog posting today under the title "Repayment of debt".

Both 1MDB and Pembinaan PFI are owned by the Finance Ministry and have respectively accumulated debts of RM42 billion and RM27 billion.

Mahathir said Putrajaya would not have needed to impose GST had it managed its finances better.

"The government can avoid this additional tax on the people by reducing its own costs.

'Rakyat poorer with GST'

"Raising wages without increases in productivity, increasing the number of holidays, substituting those falling on weekends, fixing high minimum wages, wasting money on luxuries – all these increase government expenditure, resulting in increased deficit," he said.

He also chastised the government's policy of dishing out cash to the people, saying that it would be better to educate and train people for high-paying jobs.

Mahathir also addressed Putrajaya's repeated complaints about businesses increasing the prices of goods, even though GST was not imposed on some of these businesses.

"Even if what they (consumers) buy is not subject to GST, the wholesalers who supply goods to retailers have to increase their prices because they have to pay GST.

"The retailers in turn have to recover the higher cost by charging their customers more. In the end the people have to bear the GST cost," Mahathir said.

He added that GST ultimately comes at the expense of the rakyat and reduces their

purchasing power.

"In other words they have become poorer, in order to enrich the government," he said.

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