

## **COMMENT | 'Keluarga Malaysia' budget racially contorted**

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**Ramesh Chander, Lim Teck Ghee & Murray Hunter**

COMMENT | The most depressing takeaway from the budget presented in Parliament is that it is the most racially configured of budgets in the nation's history. Former de facto law minister Zaid Ibrahim has tweeted: "Nice to be Bumiputeras... billions set aside," noted Zaid in a tweet. "(This) must be the only country in the world where (the) Budget is race-specific." He also added that it was also "nice" to be a civil servant since they were "always getting cash handouts".

According to official estimates, Budget 2022's allocation for the bumiputera community comes up to RM11.4 billion, while the amount for the non-bumiputera communities is about RM300 million or a 2.6% equivalent. This works out to about RM577 per bumiputera, RM75 per Indian and RM15 per Chinese.

Even this lopsided bumiputera figure may be an underestimate. Does it, for

example, include the allocations of RM1.5 billion for Islamic affairs, RM140 million for Islamic and 'pondok' school maintenance, and various other bumiputera allocations 'accidentally' missed out, hidden or disguised?

We know how official data is routinely manipulated to provide the impression of even-handedness and fairness on racial issues. The current budget statistics may be no exception to the racial sleight of hand regularly practised by our policymakers to reinforce the false picture of an inclusive and non-discriminatory society.

Also, unjustifiable and unconscionable is the so-called one-off RM700 for civil servants. A total of 1.3 million civil servants are to receive this, besides being also given five extra days of unrecorded leave. Amounting to over RM1 billion, this in fact is not the first handout to civil servants during the pandemic period. 'More money for less work' is the new motto that the Umno-Perikatan Nasional government is advocating for the nation's civil servants.

### **Election targeting**

There are other reasons to be concerned about the budget. The development expenditure of RM75.6 billion is the largest amount ever budgeted under this heading in Malaysian history and as noted it will be financed broadly from

borrowings. The claimed rationale offered is that “pump priming” on this scale is needed to jump start the economy and accelerate growth. In brief, the multiplier effects from public sector investment are needed to get the economic recovery. These expectations are simplistic and flawed.

In the first place, not all of the projected development expenditure will go into real or physical investment as a sizable chunk will be monetary transfers to loss-making GLCs (government-linked companies) and other entities. Furthermore, the implementation capacity in place is inadequate to take on and deliver projects. The historical record bears testimony to this contention.

Additionally, the desired multiplier effects are unlikely to be available in full as a sizable portion of the development expenditure will be devoted to procurements from abroad, for example, aircraft, weaponry, heavy equipment, etc. Such procurements in the past have regularly been subject to middlemen charges and other forms of concealed bloat.

The government has also taken an over-optimistic view regarding private investment. Many of the SMEs (small and medium enterprises) that have suffered egregiously as a result of the pandemic are unlikely to be able to get into a recovery mode rapidly. New enterprises are likely to emerge at a slow pace. There are uncertainties about FDI (foreign direct investment) flows.

The macro-economic picture has been painted to show GDP (gross domestic product) growth rising 5.5%-6.5% in 2022, up from 3%-4% in 2021. This optimistic growth rate needs to be interpreted with caution as it incorporates the statistical effects of a low base. The issue is: where is the growth going to come from?

This budget was purely and simply crafted with an eye on an election in the first half of 2022. Other concerns include:

- For the private sector, it represents business as usual with big projects to keep the cronies and the current elite fed with projects
- The budget has focused on spending but ignored any effort to try and fix the revenue side
- No new policies were announced, for example, rationalisation of loss-making GLCs; labour market reforms; fixing the problems linked with household debt; addressing the looming challenges associated with an aging population
- Inadequate attention to the needs of SMEs in revival

This budget, as with RMP12 (12th Malaysia Plan), has missed opportunities to restructure the economy, make it more competitive, reform education, etc. Instead, it is funding a system that needs revamping, and restructuring of the revenue side of government fundraising. More tragically, this budget has failed to deliver relief packages for those in dire need from the Covid crisis.

Looking at the responses across the media by numerous commentators, this first Ismail Sabri Yaakob budget has failed to satisfy most sections of Malaysian society. The budget is just more of the same.

### **Abuse, wastage and corruption**

It is also time to take a close look at how the budget is formulated each year. Ministries send in their funding estimates each year by just increasing their requests in the expectation that the Finance Ministry will approve. There needs to be a more holistic and rigorous scrutiny of spending by a core overseeing team that should utilise 'zero-based budgeting' scrutiny of ministry and agency requests.

The borrowing needed to justify this budget will not be repaid by this group of politicians and civil servant leaders responsible for crafting and approving it. They are leaving the next generation of Malaysians with the burden of repaying

debt.

The budget is also rewarding the unworthy and making the wrong people pay. Those who have been working within a bloated bureaucracy with lifelong security have been rewarded, while citizens who have felt the brunt of the Covid crisis are basically left to fend for themselves. Successful corporations that have made profits from innovation are punished.

This largest budget opens the door to greater scope for abuse, wastage and corruption. On Oct 28, auditor-general Nik Azman Nik Abdul Majid revealed that RM620.07 million in public funds was lost or wasted in 2020 because of the non-compliance of federal ministries and departments with financial management. The fear is that recent court decisions are likely to encourage even greater mismanagement and political hijacking of the budget.

The budget fails to address the looming challenges the nation faces. It avoids taking on much-needed reforms. No thought has been given to addressing how the nation is to cope under stark circumstances when 97 percent of ageing citizens will face a dire future without savings to sustain themselves. Nor was there a hint in the budget or its surrounding ministerial hoop-la that the government intends to reform the 50-year-old failed NEP.

In brief, the budget serves neither the short term nor the long term needs of the nation. It is disappointing that the Pakatan Harapan opposition has condoned the crafting of the budget.

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