

Gov't is living beyond its means
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Concerned Non Economist

With the known results now out of the way, it is time now to focus on a known fact which for so long was unknown to us but made known in Parliament by the prime minister.

The prime minister said in Parliament that Malaysia's total debt in 2006 was RM242 billion and interest payments on the debt was RM44.5 billion, or almost half the national budget. The prime minister, however, expressed the interest payment as a percentage (8.1%) of the GDP.

In 1994, a certain African country spent 45 percent of its national budget on interest payments and today it is trying to become a developed country after removing six zeros from its national currency.

I do not wish to draw any comparisons but surely some of us can already hear the alarm bells. Since we came out of the financial crisis in 1998, our national budget has been in deficit. That means for eight years in a row, our budget has been in deficit. A first-year economics student will tell you that to recover from that deficit it, will take at least another 10 years.

With Ijok firmly placing BN in the driver's seat, it now time to bite the bullet and try to live within, if not beneath our means.

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