

Anwar: 10MP mere rhetoric
Malaysiakini.com
June 14, 2010
S Pathmawathy

The 10th Malaysia Plan (10MP) is no more a list of announcements amounting to billions of ringgit, said Opposition Leader Anwar Ibrahim.

It is no different to the previous Malaysia plans despite the country's economy facing a critical crossroad, he said during his 90-minute speech to debate the 10MP at the Dewan Rakyat today.

NONEThe RM260 billion economic blueprint is supposed not only to restore the "sluggish economy" but it should also be capable of mobilising the economy out of an impasse suffered for more than a decade.

He pointed out that the "all inclusive strategy" had failed to impress the stock market, which closed only 0.1 percent or 1231 points higher on Thursday despite the 10MP's fanfare of a "new pulse".

Prime Minister Najib Abdul Razak unveiled the five year plan in Parliament last week drawing mixed reviews from analysts and critics.

Anwar (pix, above) said that the government has always over-projected the Gross Domestic Product (GDP), where now it aimed for a 6 percent GDP growth.

History of failure

Ever the sceptic, Anwar also hinted that the government was much too ambitious in projecting to reduce the budget deficit from 7 percent to a low of 2.8 percent in 2015.

Referring to the last two development plans which had failed to reach their targets, Anwar called for serious observation of the government's indifferent attitude.

The 8th Malaysia Plan (8MP) which was implemented during the tenure of former Prime Minister Dr Mahathir Mohamad projected 7.5 percent GDP growth for the year 2001 to 2005, he said.

"However, throughout that period, we only managed to achieve 4.7 percent GDP (growth)," said Anwar.

It was no better five years later, although Mahathir's successor Abdullah Ahmad Badawi had asked for national oil company Petronas to contribute RM235.6 billion from its revenue, as payment to sustain the economy from 2006 and 2009 under the 9th Malaysia Plan (9MP).

In spite of the injection, the economy only managed to grow at an average of 4.2 percent despite the 9MP's 6 percent GDP growth projection.

Using same failed formulae

Furthermore, he said that Petronas has paid a total of RM431 billion to the government. Fifty-five percent of the amount has been exhausted, without making any impact on the economy.

"With such a huge amount of money paid by Petronas, we would think that we should be able to reduce our public debt.

"In other countries, the dependency on the debts could be reduced if a government-owned company contributes even 45 percent of the revenue," said Anwar.

Comparatively, he said, the government had emulated good fiscal discipline before 1998.

azlanThe Permantan Pauh parliamentarian, who was then the deputy premier and finance minister, said the government had managed to make a prepayment of up to RM12 billion of debt from 1991 to 1998.

"(It was) because we realised the trust that lies on our shoulders to ease the debt burden, so that is not passed on to future generations.

"I honestly reject the probability of achieving the target of a deficit of 2.8 percent by 2015 as promised by the government.

"Not only is the approach outlined in 10MP the same approach that failed in the 8MP and 9MP, the government ... (has not revealed) a strong political commitment to reduce the deficit.

He pointed out that the government had backpedaled on measures announced to control the deficit including the proposed Goods and Services Tax (GST) which was supposed to be tabled at the last Parliament sitting.

"But in the end, the people are to be blamed for the government's decision to postpone the implementation of GST as the people don't understand the concept".

'They fear their own shadows'

"And recently the deputy finance minister from Alor Setar (Donald Lim) announced the government's decision to approve a sports betting license to Ascot Sports, which among others aims to increase the revenue which is estimated at RM4 billion.

"However, keeping up with the habit of cancelling new decisions, the finance minister himself had denied that a gambling license was approved for Ascot Sports," he said.

Thus it was evident that the government does not have the 'political commitment and accountability' to achieve the deficit target as they fear their own shadows, said Anwar.

The constant cancellations of policies was also partly the cause of fading investor confidence, he added.

Our dependency on debts has also left the country trailing far behind other developing countries like Brazil and Indonesia.

"Brazil, which has just emerged as a new economic power is now leading when it comes to reducing public debts and this effort has been commended by the international financial community.

"While Malaysia is too addicted to debts, Brazil is ambitious to reduce its debts [...] their

GDP which was at 65.5 percent in 2002 was brought to 38.8 percent in 2008," said Anwar.

Indonesia was also successful in reducing its public debt, which was at a high of 77 percent in 2001 to 29 percent in 2009.

Neighbours' growth more rapid

Citing the International Monetary Fund (IMF) results on Malaysia's 2009 Budget, he said the country's deficit could fall to a 'chronic level' without the petroleum assets.

"In 2009, the budget deficit reached 7.4 percent of the GDP although it was expected to be reduced to 5.3 percent for the year 2010.

"The budget could not be balanced at the end of the 8MP period and the government was still tangled in the deficit problem," he said.

It was about time that Malaysia dealt with the fact that the country was far behind others because none of the targets from the past Malaysia development plans were achieved.

"We also saw our neighbours grow far more rapidly and robust in their respective countries," he said.

Speaking on foreign direct investment (FDI), Anwar revealed the country had only received RM46 billion in 2008 and RM22 billion last year compared to Indonesia which scored RM50.6 billion in 2008 and RM37.9 billion in 2009.

"What disappoints me the most is that while Indonesia enjoyed an increase of average income of 10 percent between 2007 and 2009, Malaysia is still struggling with a high cost of living with only a 4.7 percent increase in average income for 2009 and 6.3 percent for 2008," he said.

'We need innovation'

Indonesia and Singapore were not the only countries moving forward in this region and it was also worrying that neighbouring countries which were once backwards were catching up, warned Anwar.

"Now we are competing against Thailand and Vietnam. Soon after this, Philippines, too, will leave us behind if we don't improve our economy with more drastic and realistic measures," he said.

anwar economy 260210The opposition leader summarised the country's economy had "changed a lot since independence and we are trapped in the middle [...] we need innovation to surge".

"At this juncture, we challenge the mind rather than injecting money or depleting resources. The mind requires a conducive environment so that ideas can be developed.

He opined that 'period economic planning' was not suitable nor conducive in developing new ideas.

"I propose that the overall economic planning is revised because as it is no longer relevant.

"We must return to original aims and the highest of any economic governance which is to distribute wealth fairly and impartially, so that it does not only remain in the hands of the rich," said Anwar.

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.
Source : <http://www.malysiakini.com/news/134524>