

Budget 2009: What the experts say
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Several experts share their views with Malaysiakini regarding the Budget 2009 unveiled by Prime Minister Abdullah Ahmad Badawi.

David Cohen, director of Action Economics, Singapore:

It is a populist budget to deflect the growing popularity of Anwar (Ibrahim). (Prime Minister) Abdullah (Ahmad Badawi) is obviously under pressure as witnessed by the rollback in fuel prices last week.

Lee Heng Guie, chief economist at CIMB Bank:

I think most people already expected a budget that won't have many negative points. So this is one factor that helped the market to rise and also because overseas markets were good last night. But the overall mood is still cautious because there is still uncertainty.

Given the tough macro situation, they may have little choice but to spend more now. Whether it's the right choice depends on how they fine-tune the deficit going forward.

Khoo Kay Peng, political and economics analyst:

Anwar can, if he wishes, make any amendments he thinks are necessary. We don't know what alterations he will make, but for example he has mentioned before the RM10 billion extra allocation for the growth corridor projects - which Abdullah asked for in the mid-term review.

And Anwar has said that we do not need any new mega-projects at this point in time.

Whatever it is, there is uncertainty and this will keep the markets quiet. Even when Anwar comes into power as he says, investors will want to see how he performs, what sort of plan he'll raise then.

For Abdullah, he needs to have a yardstick, a performance yardstick instead of just voicing hot air bubbles. He needs to stimulate local consumer demand, find concrete measures to increase wage-earners' pockets, and look at transportation as he has promised. There must be more buses and other forms of public transportation put on the roads.

Also, on whether the government has enough money, nobody really knows because there is a lack of transparency. Abdullah must find concrete ways to cut down public administration, reduce bureaucracy, for example shift us more to e-government. We have one of the biggest bureaucracy in the region, we are too labour-centric and this is why we have the image of being not efficient. Yes, in the past the public administration is used as a political tool, a vote bank. But we must take politics out of the equation. Anyway, it hasn't help them (Abdullah and his Umno party) in the elections anymore.

Dr Ramon Navaratnam, prominent economist and president of Transparency

International :

On the one percent reduction of income tax for the highest bracket, the rich can take care of themselves very well - therefore the tax cut was unnecessary.

The middle and lower income groups are the mainstay of Malaysia and the groups which will agitate for change. It would have been better to address their needs. The poor should always be the priority.

There seems to be a shift in budget strategy whereby it attempts to address basic needs and not on unnecessary mega projects.

However attempts to share wealth when inflation is not controlled, will still see the erosion of income for the low and middle income groups.

Tricia Yeoh, director Centre of Public Policy Research:

Such a record expansionary budget with huge funds is theoretically a good thing, given the urgent need to generate growth in the face of economic slowdown.

However, it can only be considered a thoroughly good thing if we can be assured that the money will be channelled in the right direction, without any unnecessary leakages.

Unfortunately, the past track record of government has been poor in this respect. With a rampant culture of corruption and weak institutional structures, this may lead to continued wastage and abuse. I would therefore emphasise strengthening the institutions of governance, so that the funds are actually optimised and maximised.

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