

Najib: It's not a populist budget!
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Deputy Prime Minister Najib Abdul Razak today brushed off claims that the 2009 Budget was aimed at shoring up his ruling coalition's popularity, after its defeat at the hands of opposition leader Anwar Ibrahim in the recent Permatang Pauh by-election.
MCPX

Speaking to reporters after the Budget was presented in parliament by Prime Minister Abdullah Ahmad Badawi, Najib said the RM207.9 billion ringgit spending plan was aimed at helping the people cope with rising costs of living.

budget 2009 290808 11 "The government is concerned about the people's rising cost of living and it is only right for us to address the needs of the people at large.

"So, it is not right to label us as a populist government, but we are government that is sensitive to the needs of the people," he added.

Anwar, who a day ago was sworn in as opposition leader, has pledged to form a new government by Sept 16.

The deputy premier also defended the rising fiscal deficit due to running 12 consecutive expansionary budgets, saying the shortfall would rise to 4.8 percent of GDP in 2008 but drop back to 3.6 percent of GDP next year.

"But this would happen only for this year. For next year, we would go back to a lower rate of deficit, which is 3.6 percent," he added.

Around the same time last year, the government had pledged to trim the budget deficit to 3.1 percent of GDP in 2008.

Goodies for Sabah and Sarawak

The 2009 Budget also allocated RM580 million to Sabah and RM420 million to Sarawak to improve basic amenities, such as electricity, water and rural roads.

He denied allegations that these allocations were made to prevent the East Malaysian MPs from defecting to the Pakatan Rakyat opposition alliance led by Anwar.

"This has been our promise all along after taking Sabah and Sarawak MPs' opinions into account as they have been urging the government to look at their situation over there," Najib said.

According to the deputy premier, both states needed big budgets for development and to prevent them from lagging behind the peninsular states.

"We have looked at the size of the two states. They have a very low standard of development and a high poverty rate. That is why the government decided to narrow the gap between Sabah and Sarawak and the peninsular," he asserted.

Najib also pointed out that the increased spending would enable the government to eradicate hardcore poverty by 2010.

"New elements like food security, fuel subsidy and the social safety net development will help us eradicate hardcore poverty by then," he said.

Below are the reactions from BN ministers:

Dr Maximus Ongkili, Minister of Science, Technology and Innovation:

Maximus johnity ongkiliThis is not a politically motivated move as these are the basic demands of the people. The government is very sensitive to the voice of the people especially in Sabah and Sarawak. We have been voicing it in our state assemblies that the basic needs should be met. And this is our focused action on the matter. But we will see how sincere the government is in tackling those problems.

Hishamuddin Hussein, Minister of Education:

Hishamuddin husseinI am very happy with the allocations and thankful to the government despite our unstable economic situation. The allocation given to the ministry is also much higher than last year's as we have received an extra RM1.8 billion in this budget.

This proves that the government is making public education as a priority and I admit that this huge amount of allocation would give me a bigger responsibility and I will make sure that it will be channelled to the right hands.

Liow Tiong Lai, Minister of Health:

Liow tiong laiWe are very happy with the government's plan. We were given special funds to build clinics in rural areas and the budget provided for us to continue to uplift the services of our health delivery system in the country and the government has put that in the right direction.

(On higher taxes for cigarettes) This is a very strong sign of the commitment of the government to get people to quit smoking, especially the young people. Smoking is bad for the health. So the government will continue with the anti-smoking campaign.

We hope that the increase of the price will deter the people from smoking.

Ahmad Shabery Cheek, Minister of Information:

Ahmad shabery cheekThis is a popular budget and we are accused of being populist. Populist means when the crude oil price goes up, they would say they would bring down the price. Now that is populist rather than realistic. But the government admits that when the oil price goes up, we would also increase the price. This budget is a realistic plan for the time being.

Nor Mohamed Yakcop, Minister of Finance (II):

Nor mohamed yakcopThe deficit will increase this year, but this is only a one-off deficit as it will go down next year in 2009 as the government's revenue will increase. The deficit will also go down due to the taxes paid by Petronas as the company would pay the taxes this year according to last year's deficit, which is much lower.

But this year, our deficit has increased, and next year Petronas would be paying the taxes according to this year's much higher amount of deficit.

Shahrir Abdul Samad, Minister of Domestic Trade and Consumer Affairs:

Shahrir samad 250907The government will give RM20 free electricity for poor home owners only. We are not copying the Selangor government that gives RM20 free water without considering they are poor or not. We are giving to those who do not actually use a lot of electricity, that fall in the income bracket that really needs help.

We have for those who need help that can't improve their lives in the economic position. It is the government's responsibility to increase the social safety net. That is a group that needs help and assistance and by assisting those behind the poverty line including pensioners who can't really find any other way to increase their income.

But for those who are above that line, particularly in the employed public sector, the budget is encouraging the employers to give benefits that can be claimed as a deductible expenses from their taxes. So it is a direct way for the private sector to be more productive.