

Dr M unperturbed by ballooning deficit
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Former prime minister Dr Mahathir Mohamad believes the government will be able to manage the budget deficit if the the budget is well-structured.

According to him, 7.6 percent budget deficit is nothing new.

"The US budget deficit is 100 percent but they can still manage it. As long as our budget is well structured, it is manageable," he told reporters after officiating the Menara Mustapha Kamal-PJ Trade Centre last night.

The Malaysian Institute of Economic Research (MIER) has stated that Budget 2010 - to be unveiled next Friday - is expected to have a bigger deficit than the 7.6 percent of gross domestic product (GDP) projected by the government.

Its executive director Dr Mohammed Ariff Abdul Kareem said the deficit was likely to exceed the projection because "this year's tax collection will fall short of the government's target".

Gov't told to cut spending

According to him, the government will need to adjust its expenditure rather than make adjustment to revenue in order to contain the budget deficit.

"Having government revenue just barely enough to cover operating expenditure is a dangerous sign," he said.

On a hypothetical basis, Mohammed Ariff said the deficit could grow to 15.2 percent in 2015 if the government was doing nothing to curb its expenditure.

As such, he lauded the government's intention to cut 15 percent of its operating expenditure in 2010 even though he said "it could be a tall order to be done in one year".

- *Bernama*

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