

Guan Eng's Take On Why Govt Did Not Proceed With Subsidy Cuts
Malaysianmirror.com
May 26, 2011

PR must have struck fear into the hearts of the BN government until BN is forced to back down from their proposed subsidy cuts and instead announced that there will be no increase in the price of RON95 petrol, diesel and liquefied petroleum gas (LPG) for now.

However, diesel subsidies for deep-sea fishing vessels and nine classes of commercial vehicles would still be removed on June 1, slashing RM886.1 million from the federal subsidy burden annually.

There are three reasons why BN "blinked" and decided against proceeding with their proposed price increases.

First, PR was able to mobilize almost total opposition to the price increases by highlighting the gross injustice of big corporate giants such as Independent Power Producers (IPPs) being spared subsidy cuts of RM19 billion annually whilst ordinary Malaysians have to fork out more money for price increases they can ill-afford.

Two, BN intends to hold snap elections and such unfair price increases will not go down well with the voters.

Three, BN is worried about the surprising electoral strength of PR until BN fears pushing through the subsidy cuts will only cause loss of popular support.

However before the people rejoice in celebration at maintaining the prices of such essential items, the BN government has not given up on reducing subsidies to increase prices.

This was shown by the statement yesterday of Deputy Prime Minister Muhyiddin Yassin that subsidy review was necessary as the government expects the subsidy burden to double from RM10.32 billion to RM20.58 billion this year.

Domestic Trade, Cooperatives and Consumerism Minister Ismail Sabri Yaakob refused to specify how long the government would maintain current prices. In other words, once the snap elections is won by BN, then clearly nothing would stop BN from removing subsidies and allowing prices to increase.

Further the Independent Power Producers (IPPs) will once again be spared any gas subsidy reductions as demonstrated by the strong support given to IPPs by both MCA President Chua Soi Lek and Energy, Green Technology and Water Minister Peter Chin Fah Kui. Peter Chin had insisted that the RM19 billion savings enjoyed by independent power producers (IPPs) and TNB annually is not a subsidy but merely profits forgone by Petronas in selling gas at 25% of market rates. Whilst Chua had declared that gas subsidies to IPPs can not be abolished as it is tied up in agreements.

Peter Chin is playing with words when IPPs (60%) and TNB (40%) benefit from the RM19 billion annual subsidy. As for Chua, he should explain why the BN government, including himself, supported and tied themselves up with such an agreement that is against national interest of 27 million Malaysians.

There is no way that the 5.4 % fiscal deficit target can be achieved without further subsidy

reductions unless the BN government adopts an anti-corruption policy. BN Ministers has admitted that corruption costs the country at least RM28 billion annually with some estimate at USD100 billion cumulative losses from corruption since 1980s.

An anti-corruption policy is unlikely when the BN government refuses to adopt open tenders, transparent procedures and full public accountability in government procurement and contracts.

For this reason, only by supporting anti-corruption PR can the people "kill two birds with one stone" by not only stopping corrupt practices but also stopping price increases.

LIM GUAN ENG is DAP Secretary-General and MP for Bagan

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.

Source : <http://www.malaysianmirror.com/media-buzz-detail/6-nation/53471>