

Expose BN's Cover-Up Of 3Ds - Deficit, Debt And Deceit
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Yesterday, Prime Minister Najib Tun Razak has clearly indicated that general elections can be called any time soon, buoyed no doubt by confidence in BN's successful cover-up of 3Ds of deficit, debt and deceit. Unless PR exposes BN's cover-up of 3Ds, not only will PR not win power in Putrajaya but may even face a disastrous 13th General Elections that will enable BN to win back its 2/3 majority.

BN knows that the critical issue in the coming general election is its handling of the economy and how the people's cost of living can be reduced and their economic livelihood increased. Tied to whether BN can help the people economically is its management of the Federal government's debt and budget deficit, which some has traced to its failure to address the menace of corruption.

With the RM250 million National Feedlot "cows and condos" scandal involving the family of the UMNO Wanita chief as well as the decline in the anti-corruption rankings of Transparency International from No. 37 in 2003 to No. 60 last year, BN has given up on trying to persuade the public that it is serious about fighting corruption. However BN is more successful in deceiving the public that the menace of corruption has not adversely affected the economy, especially the Federal government's debt and deficit.

BN claims that the Federal Government Budget Deficit was RM43 billion, RM45.5 billion (estimate) and RM 43 billion (estimate) in 2010, 2011 and 2012 respectively. In percentage of GDP, it is 5.6%, 5.4% (estimate) and 4.7% (estimate) for 2010, 2011 and 2012. These budget deficit figures are way too low as the country's projection of economic growth is too high and our operating expenditures too low.

The budget deficit as a percentage of GDP in 2012 will be higher than the announced 4.7% (to rise to more than 5.5% as a result of BN's determined efforts to buy votes with government cash handouts, civil servants' pay increase and big projects such as the roll out of broadband to all schools). Unlike PR state governments that provide social assistance from budget surpluses achieved for the every 4 years PR is in power, BN is giving cash handouts from budget deficits which has been incurred for the last 15 years.

As a result of budget surpluses, PR need not borrow to spend on social programs for the people. However BN Federal government has to borrow to spend, following its 15 years of continuous deficits. This can be seen by Federal government debt increasing by 71% from end 2007 of RM266 billion to RM456 billion by end 2011. Unfortunately this is not the full Federal government debt as contingent liabilities of loans taken by private companies or government agencies are not included.

If contingent liabilities are included, our government debt exposure will increase by RM97 billion in 2010. (Contingent liabilities for 2011 are still not available). Malaysians must remember that there is a day of reckoning for debts borrowed to be repaid. Ultimately, the ordinary people are the ones to pay for all these debts particularly when Malaysia goes bankrupt.

In 2010, the "off-balance sheet" financing activities has hit a record high of RM96.9 billion in 2010, a 14.9% increase from RM84.3 billion in 2009. These are loans which have been taken with a Government guarantee i.e. the Government is obligated to pay should the borrowers fail to settle the debts. As an example, if the Federal Territories Foundation is unable to repay the proposed RM300 million loan from EPF to provide financing for the low-cost housing purchasers, then the Government will have to step in to make the RM300 million payment to EPF.

Federal Government loan guarantees are expected to increase dramatically with loan guarantees for the West Coast Highway of RM 2.24 billion, at least RM20 billion to fund the first phase of the RM53 billion Klang Valley MRT mega-project, the construction of 74 police headquarters with government-guaranteed RM10 billion debt by MoF-owned Pembinaan BLT Sdn Bhd, and the proposed RM20 billion sukuk plan by Pengurusan Aset Air Bhd (PAAB) to restructure the country's water assets. These loan guarantees are

debt exposures to the Federal government that must be included in our total debt figures.

In contrast, the state government debts of PR state of dropped dramatically just as the BN Federal government debt has soared. In Penang, state government debt was cut by 95% from RM630 million in 8th March 2008 to RM30 million by end of 2011. Unfortunately PR's debt reduction success compared to BN's debt piling failure has not been communicated to the public as a result of BN's successful campaign of deceit.

For this reason, I have asked DAP economic researchers led by DAP Publicity Secretary and MP for Petaling Jaya Utara Tony Pua to work closely with our General Election preparatory Team led by DAP National Vice-Chair and MP for Cheras Tan Kok Wai to expose BN's cover-up of 3Ds of Deficit, Debt and Deceit.

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