

Juggling expansionary policy and fiscal discipline

PETALING JAYA: The government will continue with an expansionary fiscal policy to support economic growth, says Prime Minister Datuk Seri Anwar Ibrahim.

At the same time, he said the government was also committed to reducing the country's deficit in stages and ensure that the debt liability ratio to the growth domestic product (GDP) was under control.

"The first meeting of the Fiscal Policy Committee this year emphasised that the government would take a responsible approach in drafting Budget 2023, which will prioritise prudent drivers of economic growth and equitable development based on social justice for Malaysians.

"This will be carried out even when the government has inherited the burden of high debt and an economy facing uncertain global economy prospects," he said in a statement here yesterday.

Anwar, who is also the Finance Minister, said for 2022, the government's debts and liabilities were almost at RM1.5 trillion, or over 80% of the country's GDP, with a debt service ratio that is expected to be over 15% of revenue.

"Global growth is also expected to be moderate for 2023. The International Monetary Fund has warned that the global economic prospects are expected to decline with many countries expected to face economic slowdowns," he said.

Budget 2023, he said, would reflect the government's responsibility in prioritising growth, equitable distribution and social justice.

"This is in line with the concept of the development of Malaysia Madani so that economic progress will benefit all levels of society," he added.

Budget 2023, which is scheduled to be tabled in Parliament on Feb 24, would also include measures to encourage private sector investment as well as public sector reforms aimed at reducing bureaucracy, increasing the ease of business, and enhancing governance in the administration, said Anwar.

The budget, he added, would also increase development spending to encourage inclusive development, especially in strengthening government services and rural infrastructure.

The committee, which is aimed at scrutinising the government's fiscal policy and national economic development over the medium term, include Deputy Prime Ministers Datuk Seri Dr Ahmad Zahid Hamidi and Datuk Seri Fadillah Yusof, Economy Minister Rafizi Ramli, Chief Secretary to the Government Tan Sri Mohd Zuki Ali, Bank Negara governor Tan Sri Nor Shamsiah Mohd Yunus, and Economy Ministry secretary-general Datuk Nor Azmie Diron.

Other senior officials of the Finance Ministry also attended the meeting.