

What 'Robin Hood Budget'?

THE last thing the Finance Minister wants is for the budget he presented to be labelled a "Robin Hood Budget". In Nottingham of old, the much-loved folk character in popular culture stole from the rich to give to the poor.

I am sure Datuk Seri Anwar Ibrahim has no intention of being Robin Hood. Despite his occasional outbursts about wealth and greed, he is as pragmatic as any sensible politician should be. His occasional tirades against those who benefit from political connections, tycoons who are given exclusivity in choosing what they want, and those bestowed with plum contracts and monopolies are understandable.

For the last 26 years, he has been an opposition figure, twice incarcerated, and many times unjustly demonised. But he was a Deputy Prime Minister before, and for seven years, he was one of Malaysia's best-remembered finance ministers, for better or worse.

Nothing has changed since the last time he was at the helm of the ministry. Old habits die hard. Anwar will have to face an uphill battle to ensure transparency in all business dealings and in awarding contracts and tenders. Anwar exhorts a totally new culture at the ministry. For that, we support him wholeheartedly and wish him luck.

The budget he tabled was his first as Prime Minister and Finance Minister in the unity government

Anwar will have to face challenges to ensure transparency in all business dealings as he advocates a totally new culture at the ministry.



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Comment

he now leads. He is presiding over a totally new political landscape and national agendas.

It is therefore safer for Anwar to present a pragmatic budget rather than one labelled as feel-good. We have been regaled by feel-good budgets for far too long. Eventually, they became budgets that were high on rhetoric but low on impact.

Anwar presented the biggest budget ever in the history of the nation. It involved a staggering RM388.1bil, RM289.1bil of which was allocated for development expenditure.

Anwar made it clear that the budget intended to address two critical issues - the integrity part to mean transparency, honesty and accountability, and secondly, what

it means to the people. This is a budget to resuscitate the economy and to help the needy.

Malaysia is also reeling from the subsidy conundrum. Thanks to the policy of not wanting to offend the people, successive governments have sustained the subsidy mentality for far too long. Even Indonesia has revised its dependence on subsidies. Their fuel costs a lot more per litre than ours.

There was a screaming headline recently in a vernacular paper: "Subsidi Orang Kaya RM17 billion!" (Subsidies for the wealthy amount to RM17 billion). It said that 35% of the subsidies on petrol, diesel and liquid petroleum benefited the T20 category. Targeted subsidies are therefore the way to go. But then again, it is easier said than done. There are also discussions about higher taxes on luxury items. The truth is that it will only generate RM1bil at most, which is merely a drop in the tax bucket.

There is, however, one important point raised by Anwar pertaining to the M40 income range. The middle-class bracket has always been forgotten when budgets are tabled. The assumption is that they are better off than the B40s. But the fact is, as Anwar put it, they are equally

impacted by the economic downturn and "squeezed by the rise in the cost of living".

It is not uncommon for governments to use the instruments of taxes to address issues of inequality. But taxes are a double-edged sword. While it is considered prudent to trim or retain the finances of the rich, in the long run, it is not always advisable to do so.

In September last year, the British finance minister announced the so-called "mini-budget", which favours a debt-funded tax cut. It turned out that even the prime minister found it hard to explain, much less defend. Liz Truss faced a severe backlash, especially from the jittery market. She was the UK's short est-serving prime minister in history.

We must find a new fiscal regime to ensure all parties - the rich, the middle class, and the poor - benefit. Providing handouts and maintaining subsidies are not sustainable in the long run. Raising taxes hurts, even if they are imposed on the most efficient and profitable corporations or the richest among the population. The government must start planning ahead for the best alternatives to bring Malaysia to the next level. We must move on from

the discourse about helping the poor financially. The strategy is to eradicate that stratum in society as best we can.

Across the border, the debate over a "Robin Hood budget" is also taking place. The Opposition leader from the Workers' Party, Pritam Singh, warned about the possibility of a "two Singapores" if more is not done to fight inequality.

His contention is that there is one Singapore that represents those enjoying high salaries and where opportunities abound. The other pertains to the majority of Singaporeans, where there is slow mobility due to the high cost of living. It is sad, he said, when people start pitting one group - the high wage-earners and the rich - against the lower and middle classes.

Pritam argued for "better equalised opportunities through fiscal interventions". He, too, has reservations about the republic's recent budget, citing comments from analysts and some segments of society that it is a "Robin Hood Budget".

The writer was a journalist and for some years chairman of a media company. He is passionate about all things arts and culture. The views expressed here are his own.