

Guan Eng warns of debt aches from sweetened Budget
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KUALA LUMPUR, Oct 12 — Putrajaya risks worsening the country's public debt with its spendthrift "election budget" and will likely miss budget gap projections for 2012, DAP secretary-general Lim Guan Eng has said.

While welcoming federal aid to the poor, Lim, who is also Penang chief minister, questioned how the Barisan Nasional (BN) government would fund its "goodies", given the weak global economy and lower Petronas dividends next year.

"For this reason, the federal government's target of reducing the budget deficit from RM45.5 billion this year to RM43 billion in 2012... is unlikely to be reached.

"Revenue collection is overly optimistic and may result in higher federal government debt to fund the deficit spending," he said in a statement today.

Lim said Malaysia's debt-to-GDP ratio had steadily increased over the years, from 53.1 per cent in 2010 to an estimated 54.8 per cent next year, pointing out that this was "dangerously close" to the 55 per cent cap imposed by Putrajaya.

He added that, unlike BN's alleged voter enticement through deficit spending, Pakatan Rakyat (PR) states only funded aid from budget surpluses accumulated through good governance.

"PR does not give money to the people from borrowed money, which ultimately has still to be paid by the people," he said. "PR state governments give money from budget surpluses where the people... are not required to repay back in future

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