

**Malaysia set to hit national debt ceiling, warns Anwar**  
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**By Shazwan Mustafa Kamal**

KUALA LUMPUR, Oct 17 — Datuk Seri Anwar Ibrahim accused the government today of failing to resuscitate the country's "under-performing economy", warning that Datuk Seri Najib Razak's Budget 2012 was setting Malaysia "on course" to breach the national debt limit.

Citing Bank Negara Malaysia's latest report issued on October 14, Anwar said the country's national debt currently stood at RM437 billion (as of June 30, 2011), with domestic debt amounting to RM421 billion and foreign debt at RM16 billion.

"This translates to a 51 per cent local debt-to-gross domestic product (GDP) ratio as governed by Acts 637 and 275, which allows for approximately RM33 billion additional debt to be raised by the government (before the limit is reached).

"This is clearly not adequate to finance the remainder of 2011 expenditure and the RM46 billion deficit to be funded through additional debts announced in Barisan Nasional's Belanjawan 2012," the Pakatan Rakyat (PR) leader said in a statement.

The national debt level is governed by various laws that impose a debt ceiling for the government. Act 637, which is the Loan (Local) Act 1959, and Act 275, the Government Investment Act 1983, state that combined loans raised domestically should not exceed a ceiling of 55 per cent of the nation's GDP.

Researchers and analysts have questioned the viability of Najib's 2012 growth targets. —  
File pic

Act 403, which is the External Loans Act 1963, limits external loan exposure to RM35 billion at any particular time.

"The proposed operational budget for a particular year should never exceed the revenue projection. Likewise, loans raised by the government should strictly be used for developmental budget," said Anwar.

The opposition leader was responding to the prime minister's critique yesterday of the opposition's shadow budget.

Najib described PR's alternative financial plan as a "right-wing Republican" budget that failed to address the needs of the people, and that it only focused on Malaysia's budget gap and national debt but made no mention of public welfare.

"This is a clear attempt to deflect from the fundamental issue of poor governance, endemic corruption and BN policies to enrich family members and cronies," said Anwar.

He said the best way to discuss the contrast between the economic policies offered by both coalitions was through a nationally-televised debate between himself and Najib.

This is the second time Anwar has pushed for a one-on-one policy debate with the PM. He

first mooted the idea when PR launched its Buku Jingga manifesto in December last year.

"A policy debate on [the] economy has become an urgent necessity against this backdrop of unconvincing economic data and a series of 'one-off' election payments to a handful of electoral groups that will not improve the state of the economy," he said.

While Najib said that the deficit will fall to 4.7 per cent from an estimated 5.4 per cent this year, PR claimed that the deficit can be slashed further, to 4.4 per cent.

Both local and foreign analyses have questioned Putrajaya's 2012 growth forecast of between five and six per cent.

They include CIMB and global investment giant Goldman Sachs, who have predicted growth of 3.8 and 4.2 per cent respectively.

"The rakyat is also well aware that the five to six per cent growth projection used in 2012 Budget is unrealistic and it is likely that his administration will have to rely heavily on debts to fund his election promises," said Anwar.

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