

## **Bursa bloodbath gives Najib pause on polls**

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**By Shannon Teoh**

KUALA LUMPUR, Aug 10 — With some RM91 billion slashed from the stock market since last Monday (over eight days), Datuk Seri Najib Razak faces yet another global financial meltdown ahead of general elections — due in less than two years.

Although the prime minister was said to be mulling snap polls as early as the end of the year, politicians and analysts say that economic factors are now firmly out of his hands, with him hanging on to his Economic Transformation Programme (ETP) projects only for a rebound next year.

“These projects are his only defence against the storm clouds on the horizon,” said Jupiter Securities research head Pong Teng Siew, stating that Najib will only go to the ballot boxes after the ETP bites.

Among the projects that will kick off this year is the country’s most expensive infrastructure project, the Klang Valley Mass Rapid Transit (MRT) while Bandar Malaysia, the massive development at the Sungei Besi air base will start once the Royal Malaysian Air Force move out after November 30.

Pong also said the forecast this year will remain at 4 per cent or lower unless these projects kick in, despite the economy rebounding with a 7.2 per cent growth last year after skidding to a recession when the economy dipped 1.1 per cent in 2009.

But DAP’s Tony Pua, one of the opposition’s top economic spokespersons, said that Najib is “hamstrung” as he heads into the pre-election period.

“In the last two years, he has been able to rely on high oil prices to bankroll public spending but that is not going to happen this time as the global slowdown will hit oil prices and our exports.

“This is Najib’s worst nightmare. The perfect storm is brewing and he can only hope to wait it out,” the Petaling Jaya Utara MP said.

Bursa Malaysia began bleeding on Friday after the United States debt rating was downgraded, causing stock exchanges to tumble globally as confidence faltered ahead of a potential double-dip recession.

Putrajaya is also tightening its belt after the country’s deficit hit a two-decade record of 7 per cent in 2009, forcing it to take a razor to fuel, electricity and sugar subsidies to prevent the subsidy bill from doubling to RM21 billion this year.

But inflation has continued to rise after hitting a two-year high of 3 per cent in March with the consumer price index sitting at 3.5 per cent in June.

Pulai MP Datuk Nur Jazlan Mohamed said that his Umno president has to play the long game and hope for the current gloom to recede while readying Barisan Nasional’s (BN) election machinery.

“It was the same with the Sarawak election. Our intelligence told us we were assured of 60 seats, then down to 25. But after Najib committed the entire machinery, we

recovered back to 55," the Umno division leader said, referring to the April 16 state polls where BN retained its two-thirds majority in the 71-seat assembly.

Political analyst Khoo Kay Peng also said that BN chief Najib would be loath to call early poll as "his component parties are not ready and if his projects are to bear fruit, it will only be in 2012."

Deputy Agriculture and Agro-based Industries Minister Chua Tee Yong added that it was key to keep people employed and insulated from the rising cost of living.

With a new cost of living National Key Result Area joining Najib's transformation package, MCA's Labis MP said that "there is still room for improvement" that could be effected given time."

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